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Japan

Tokyo, U.S. Begin Working-Level Talks on Trade

OW1307113592 Tokyo KYODO in English 1120 GMT 13 Jul 92

[Text] Tokyo, July 13 KYODO—Japan and the United States held working-level talks Monday aimed at ironing out trade differences before a meeting of senior officials late this month, the Foreign Ministry said.

The two sides will continue the working-level talks Tuesday, but the ministry did not provide other details.

The meeting came as Tokyo and Washington are preparing for a vice minister-level meeting June 28 and 29 in Tokyo to follow up on 1990 agreements to reduce barriers to trade and investment.

The senior officials' meeting is to produce the second annual report on progress in implementing the so-called Structural Impediments Initiative (SII) agreements, which include Japan's pledge to spend 430 trillion yen on public works over 10 years.

Bush Announcement on Plutonium, Uranium Welcomed

OW1407031492 Tokyo KYODO in English 0303 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Japan on Tuesday welcomed U.S. President George Bush's announcement Monday that the United States would no longer produce plutonium or highly enriched uranium in an effort to discourage the proliferation of weapons of mass destruction.

The Foreign Ministry said in a statement that the move has great significance for the nuclear disarmament process. The ministry called on other nations to follow suit in stopping production of bomb-grade materials.

The statement said Japan also welcomed the overall set of principles set forth by Bush to guide America's nonproliferation policy in the years ahead.

Bush's initiative also included a number of proposals to strengthen the international community's ability to discourage, or take actions against, individuals or entities contributing to the spread of weapons of mass destruction and the technology and missiles that deliver them.

It said actions could include U.N. Security Council embargoes or inspections, extradition agreements, or immigration restrictions."

The Japanese statement said Japan stands ready to cooperate with the U.S. and other countries in strengthening the nonproliferation regime for weapons of mass destruction.

Business Meeting Ends With 'Symbiosis' Pledge

OW1407103492 Tokyo KYODO in English 1014 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Japanese and U.S. business executives concluded their annual gathering Tuesday with a firm resolve to promote a symbiotic relationship for prosperity on both sides of the Pacific.

With Japan's trade surplus seemingly set to reach a historical high of 100 billion dollars this year, more than 200 prominent business figures attending the three-day Japan-U.S. Business Conference agreed the time has come for both countries to harmonize their economic systems.

"There must be harmonization of systems" as there is a "fundamental mismatch" between the Japanese and U.S. economic systems, which hampers the trimming of the bilateral trade gap, said Joseph T. Gorman, president of TRW Inc.

Speaking at the close of the conference, Gorman said that if both nations stay on their current path of rising trade deficits, they are headed for a serious breakdown.

To avert this, he said, both need to take the turn toward significant and measurable actions to develop free and fair trade, which means that Japan will change to be more like other countries, and vice versa.

"We have a choice. We face either breakdown or breakthrough," he said at a press conference after the meeting.

Gorman, who succeeds John C. Marous, the former chairman of Westinghouse Electric Corp., as the head of the U.S.-Japan Business Council, said the meeting was a "significant turning point in the relationship between Japan and the U.S."

He said Japanese colleagues finally came to realize that problems do exist, reversing their reluctance to admit them.

In the latest meeting, the 29th of its kind, the Japanese delegation pledged stronger actions to bring down the country's trade surplus with the United States, which ran at 43.4 billion dollars last year.

Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), said in a keynote speech on Tuesday that Japan will make "every possible effort" to improve foreign access to the Japanese market.

Eishiro Saito, honorary chairman of Keidanren and head of the Japan-U.S. Business Council, also said Japanese businesses, together with their U.S. colleagues, will move "step by step," no matter how time-consuming, to go straight to the roots of the problems, analyze them, and resolve them eventually.

As concrete steps toward the goal of "symbiosis," the meeting agreed on a few measures, including setting up task forces to address problems, for instance in the service area, government procurement, and direct foreign investment.

Progress made at the task forces will be measured from time to time through regular reporting.

The planned task forces are intended to respond to complaints from U.S. business leaders about limited access to the Japanese market. In the Japanese service sector, for instance, foreign firms account for only a 2.2 percent share of the 200 billion dollar market.

The U.S. side expects the service-sector task force to help boost the foreign share to "a more commonly accepted 20 percent."

The business leaders also ruled out the possibility that the "symbiotic relationship" may imply managed trade or trade restrictions.

Marous said, "We do not favor managed trade. We do not talk about trade restraint at all."

The next bilateral business conference will take place in Cleveland, Ohio, in July next year.

U.S. Firm Protests Computer Supplier Selection

OW1407115192 Tokyo KYODO in English 1129 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Cray Research Inc. of the United States has complained to the Japanese Government that the selection of a supercomputer supplier by the Education Ministry in late June was unfair, the government spokesman said Tuesday.

Chief Cabinet Secretary Koichi Kato told a press conference that Cray lodged an official protest over the ministry's selection of a supercomputer for the National Institute for Fusion Science.

Japan's NEC Corp. and Cray tendered to supply the supercomputer, and NEC was awarded the contract in late June.

Under a Japan-U.S. agreement of May 1990, which refers to Japan's market opening for U.S. supercomputer makers, any company can lodge a protest with the Japanese Government. Cray is the first to file such a complaint, government sources said.

Upon receiving the complaint, a government procurement screening committee should announce the results of its investigation within 90 days, the sources said.

Lack of Interest in U.S.-Japanese Studies Noted

OW1307084592 Tokyo KYODO in English 0807 GMT 13 Jul 92

[Text] Tokyo, July 13 KYODO—A government-funded center promoting research to improve Japan-United States relations reported Monday a surplus in grant money because of a lack of applications from Japanese researchers.

Junetsu Komatsu, the deputy executive director of the Japan Foundation Center for Global Partnership, said the center, which was established more than a year ago, still had money left over from its annual grant quota of 3.4 billion yen.

The center was established in April, 1991 with grants of 40 billion yen from the government and 10 billion yen from its parent body, the Japan Foundation.

Its main functions are the distribution of research assistance money for nonprofit organizations and the disbursement of research grants known as abe fellowships, in memory of the late Foreign Minister Shintaro Abe, also a former Liberal Democratic Party secretary general, who originally suggested the concept for the center.

Komatsu said only six of the 15 fellowship recipients decided in May were Japanese, while the second round of applications which closed in January numbered 128 from the U.S. and 44 from Japan.

Komatsu said he is hoping more Japanese will show an interest in submitting applications for support with research projects.

"Perhaps there's a lack of talented people and organizations in Japan seeking to conduct international exchange at a grass roots level," he said.

Effect of Sakhalin Governor's Statement Viewed

OW1207024692 Tokyo KYODO in English 0221 GMT 12 Jul 92

[Text] Moscow, July 11 KYODO—Sakhalin Gov. Valentin Fyodorov issued a statement Saturday ruling out his participation in any talks on the return to Japan of four Russian-held islands off Hokkaido, according to the ITAR-TASS News Agency.

ITAR-TASS quoted the statement as saying that the "southern Kuril Islands" are Russian territory and will remain under Russian jurisdiction. The "southern Kuril Islands" are how Russia refers to the territory claimed by Japan.

The islands seized by the former Soviet Union at the end of World War II now belong to the Russian Far East province of Sakhalin.

Fyodorov also said that as head of the Sakhalin provincial government he cannot join in any discussions on the territorial issue, saying such talks are an affront to Russian dignity.

Japan is hoping for a breakthrough in its decades-old territorial dispute when Russian President Boris Yeltsin visits Tokyo in September.

Japanese officials, however, fear that Fyodorov's statement may have an adverse effect on Japan-Russia territorial negotiations, according to informed sources.

Visa-Free Group Returns From Northern Islands

OW1307092292 Tokyo KYODO in English 0835 GMT 13 Jul 92

[Text] Nemuro, Hokkaido, July 13 KYODO—The second group of visa-free Japanese travelers to the Russian-held island of Kunashiri, one of four islands claimed by Japan off Hokkaido, completed a three-day visit and returned home Monday.

The 45-member group, including 23 former residents of Kunashiri, returned to Hanasaki port on the 352-ton cruise ship Coral White.

The visa-free visits were agreed upon by Tokyo and Moscow in October 1991, with the first group of Japanese nationals to visit Kunashiri making the trip in May.

The second group, including some Hokkaido Prefectural officials, met with the chairman of the South Kuril region M.I. Tereshko and helped celebrate "Fisherman's Day" in Kurilsk, known in Japanese as furukamappu.

Kanemaru Doubts Russian Stance on Islands Issue

OW1407101092 Tokyo KYODO in English 0950 GMT 14 Jul 92

[Text] Oita, July 14 KYODO—Powerful conservative politician Shin Kanemaru called Russia a "liar" Tuesday and criticized its stance on the longstanding territorial dispute with Japan.

Kanemaru, vice president of the ruling Liberal Democratic Party (LDP), expressed doubt over Russian President Boris Yeltsin's proposal for a five-stage approach to resolving the issue of the four islands, which were seized by the former Soviet Union at the end of World War II.

He said that under the proposal the dispute could not be solved even 50 or 60 years from now.

Kanemaru made the remarks in a speech in Oita, where he was campaigning for the July 26 House of Councillors election.

Without the return of all four islands, the Japanese public will not want to provide assistance to the former Soviet republics, Kanemaru said.

He also said he himself would not want any economic aid to be extended if no progress is made in the territorial dispute when Yeltsin visits Japan in September.

"The former Soviet Union is a liar and I don't know how much Japan has been cheated," he said. "It would be like throwing away money in a ditch."

The dispute involving the four islands off Hokkaido—Kunashiri, Etorofu, Shikotan and the Habomai islets—has prevented Japan and the former Soviet Union from concluding a peace treaty.

Foreign Minister Watanabe Resumes Duties 13 Jul

OW1307100192 Tokyo KYODO in English 0940 GMT 13 Jul 92

[Text] Tokyo, July 13 KYODO—Foreign Minister Michio Watanabe resumed his official duties Monday after 43 days of hospitalization, saying he plans to take things easy until recovering fully.

Watanabe, also deputy prime minister, told reporters upon his return to the office that he is feeling well, though his legs are a bit weak from his long period in bed.

The leader of the ruling Liberal Democratic Party's third-biggest faction was widely considered a leading contender to become the next prime minister before falling ill on May 31. He underwent a gallstone operation June 9.

Watanabe, walking on his own and speaking in a clear voice, said his experience in the hospital prompted him to change his "philosophy of life."

Prior to returning to the Foreign Ministry, Watanabe visited with Prime Minister Kiichi Miyazawa, who formally assumed Watanabe's duties during the minister's absence.

Watanabe then attended a celebration at the Foreign Ministry to commemorate its founding and later returned to Tokyo women's medical college hospital, from which he will commute to work until given a clean bill of health.

Chief Cabinet Secretary Koichi Kato told reporters that the government will have to monitor Watanabe's recovery before deciding whether he can travel to Moscow for important bilateral talks ahead of President Boris Yeltsin's visit to Japan in September.

Intends To Visit Russia in Aug

OW1407043792 Tokyo KYODO in English 0324 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Foreign Minister Michio Watanabe expressed his intention Tuesday to visit Russia in late August but said a final decision will not be made for at least two weeks.

Watanabe, appearing at his first news conference since resuming his official duties Friday after six weeks in hospital, said that with regard to the prospective visit to Moscow, "that is the direction in which things are being considered."

But he added his diplomatic schedule will not be firmly fixed until after the July 26 House of Councillors election.

Watanabe has been expected to have talks in Moscow with Russian Foreign Minister Andrey Kozyrev prior to President Boris Yeltsin's scheduled visit to Tokyo in September.

The two countries' territorial dispute over a group of Russian-occupied islands off Hokkaido will top the agenda.

Earlier in the day, Watanabe, who underwent a gallstone operation June 9, attended his first cabinet meeting since his May 31 hospitalization.

Watanabe told reporters he will be commuting to the Foreign Ministry from Tokyo Women's Medical College Hospital until he is fully recovered.

Watanabe, who also serves as deputy prime minister, is the leader of the third-largest faction in the ruling Liberal Democratic Party.

Tokyo, Moscow Plan Research on Laser Physics

OW1107092392 Tokyo KYODO in English 0854 GMT 11 Jul 92

[Text] Tokyo, July 11 KYODO—Leading Japanese and Russian researchers will start joint laser-physics research combining Russia's theoretical prowess with advanced Japanese technology, officials said Saturday.

Officials of a Japanese research center affiliated with the state-run University of Electro-Communications said physicists from Russia's General Physics Institute in Moscow will come to Japan this fall to begin the joint research project.

With one or two Russian scientists invited to Japan each year for one-year stays, researchers from both institutes will conduct basic research for at least five years, using Russian fundamental theory and Japan's highly accurate equipment, they said.

Their work is to include measuring the interactions of laser energy and atomic nuclei.

They said the join effort also hopes to help Russia get international patents and conclude contracts with Japanese companies to boost Russia's cash-strapped scientific community.

The head of the Russian institute, Aleksandr Prokhorov, winner of the 1964 Nobel Prize in physics, sought the tie-up last year with the Japanese university, known as a top-class center in the field of high-output laser research.

Hiroshi Takuma, who heads the university center, said Russia's fundamental physics is among the best in the world but the environment for scientists is deteriorating, citing such problems as pay delays.

He said the university cannot afford large-scale assistance but will cooperate as much as possible.

Group To Recover Soldiers' Remains in Siberia

OW1407050492 Tokyo KYODO in English 0335 GMT 14 Jul 92

[Text] Niigata, July 14 KYODO—A Health and Welfare Ministry delegation flew out of Niigata on Tuesday for the Russian city of Khabarovsk to recover the remains of Japanese soldiers interned in the Soviet Union after World War II.

The delegation, which includes members of the ministry and relatives of the soldiers, will split into two groups after arrival to gather the remains in the provinces of Magadan and Chita in Siberia.

In October, the ministry organized the first postwar recovery of remains from the former Soviet Union in Chita province.

The latest delegation is the first in a five-year program starting this year to recover the remains.

The delegation will return to Japan on August 4.

The ministry said 7,510 of the 53,000 Japanese soldiers detained throughout the Soviet Union after the war died while in detention in the two provinces.

JAL Nagoya-Beijing Flight Service Approved

OW1407030292 Tokyo KYODO in English 0154 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—The Transport Council, an advisory body to the transport minister, Tuesday approved an application by Japan Airlines Co.(JAL) to operate regular flights between Nagoya and Beijing, officials said.

The Transport Ministry will give JAL authorization Wednesday to inaugurate the new regular service from August 3, the officials said.

JAL will fly 275-seat DC-10 jets on round-trips Mondays and Thursdays, they said.

JAL estimates average passenger occupancy at about 65 percent for the first year, putting the number of passengers at 37,000.

Ministry Spokesman Welcomes Rabin Government

OW1407071592 Tokyo KYODO in English 0637 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Japan welcomed Israeli Prime Minister Yitzhaq Rabin's new Labor government Tuesday and urged Israel and Arab countries to work earnestly for peace in the Middle East.

It is Japan's "strong hope that all the parties concerned in the Middle East will continue to seriously strive for the realization of peace in the region through the ongoing peace process," said Foreign Ministry spokesman Masamichi Hanabusa.

He told foreign correspondents Japan places particular importance on direct bilateral negotiations between Israel and Arab states.

Hanabusa vowed that Japan would continue to engage in multilateral peace efforts to complement and support the bilateral track.

Rabin said before becoming prime minister Monday he is prepared to travel to Arab capitals at any time to talk peace. He also invited Arab leaders to Jerusalem.

The Labor Party won a landslide victory over hard-line leader Yitzhaq Shamir's Likud Party in a June 23 general election, returning the party to dominance for the first time in 15 years.

Rabin has called for an agreement within nine months on autonomy for the 1.75 million Palestinians living in the occupied West Bank and Gaza Strip.

New Aid to Burma Not Part of Agenda at Talks

OW1007161092 Tokyo KYODO in English 1018 GMT 10 Jul 92

[Text] Tokyo, July 10 KYODO—Parliamentary Vice Foreign Minister Koji Kakizawa will not offer to resume making new commitments of Japanese aid to Myanmar [Burma] when he visits Yangon [Rangoon] on Sunday, a Foreign Ministry spokesman indicated Friday.

"Its not likely that this visit will lead to a change in our position with respect to our assistance to Myanmar," Sadaaki Numata told foreign correspondents in a news conference.

The spokesman was referring to Japan's policy of continuing loan and grant aid projects, committed prior to the 1988 killings of pro-democracy demonstrators, as well as emergency relief assistance and other humanitarian aid.

In 1989, Japan broke with other major aid donors and resumed previously suspended aid to Myanmar but it has yet to start new projects. A substantial portion of some 135 billion yen in committed aid was in the pipeline at the time of the initial cutoff.

Numata said Kakizawa will likely be meeting in Yangon with Ohn Gyaw, the country's foreign minister, and Abel, who serves concurrently as minister for planning and finance as well as minister for trade.

The spokesman said the visit is taking place in light of a number of developments which have taken place in Myanmar since the last high-level visit there by a Japanese official. Japan's Deputy Foreign Minister Kunihiko Saito visited the country in December.

He noted that Gen. Than Shwe has since replaced Gen. Saw Maung as head of the ruling junta and that the junta and opposition members have begun a dialogue on the holding of a national convention to draw up Myanmar's first constitution in four years.

Yamagishi Wants Opposition Parties To Unite

OW1407062092 Tokyo KYODO in English 0602 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Top Japanese labor leader Akira Yamagishi said Tuesday four opposition parties should unite against the ruling party in the House of Councillors after the July 26 upper house election.

"The Social Democratic Party (SDP), the Democratic Socialist Party (DSP), Rengo Sangiin, and the United Social Democratic Party (USDP) should form a single group in the upper house to fight the ruling Liberal Democratic Party (LDP)," said the head of the Japanese Trade Union Confederation (Rengo).

Yamagishi told reporters at the Japan National Press Club that if the Diet convenes for an extraordinary session this fall, the four parties need to form a single group in the upper chamber.

But the leader of the eight million-strong Rengo is skeptical about the idea of having Komeito, Japan's second-biggest opposition party, in the proposed four-party team.

"Komeito won't join such an alliance," Yamagishi said.

He reiterated his call for a merger of the SDP, the biggest opposition party, and the DSP, the No.4 opposition group. He said such a merger is not possible immediately but added time is limited.

The two parties clashed over last month's enactment of a law allowing Japan to send troops overseas for the first time since World War II, on U.N. peacekeeping missions.

The SDP, along with the Japanese Communist Party, fought the bill, arguing it violates the country's war-renouncing Constitution. The DSP joined the ruling party and Komeito in passing the legislation through both houses of the Diet.

Yamagishi said a two-party system, with both vying for power, would not be possible without SDP participation.

Rengo supports its affiliate, Rengo Sangiin, in the upper house. It is fielding 22 candidates and backing one independent in this month's election.

Prime Minister Discusses Economy, Other Issues

OW1407092892 Tokyo KYODO in English 0912 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Prime Minister Kiichi Miyazawa said Tuesday he thinks the economy has weathered "the worst" of the current economic downturn and is in a "manageable" state.

Acknowledging that Japan is "experiencing difficulties" after the bursting of the speculative "bubble" economy, the country is now "getting out of the worst economic situation," he said.

"I am not optimistic, but the situation is sufficiently manageable," Miyazawa told a press conference at the Japan National Press Club.

Factors boosting Japan's economic growth include an accumulation of financial assets and low unemployment rate compared with European countries and the United States, he said.

Miyazawa said he is considering "orthodox" measures to boost the economy but said it seems meaningless to lower the already low official discount rate.

He said he is "negative" about calls for cutting income taxes, citing such problems such as finding new sources of funds.

Touching on politics, the prime minister said a law passed last month allowing Japan to send troops overseas for UN peacekeeping operations for the first time since the end of World War II has won the confidence of the Japanese people.

It is "a fine law following the spirit of the Japanese Constitution," Miyazawa said. "So I think it has already obtained public confidence," he said, adding that the election will not be a referendum on public confidence in the law.

Opponents of the law, arguing that it violates the war-renouncing Constitution, have vowed to make it a central issue in the campaign for the July 26 House of Councillors election.

The law allowing self-defense forces to join UN peacekeeping missions abroad was enacted last month in a rancorous Diet session.

Miyazawa's ruling Liberal Democratic Party and the centrist Komeito and Democratic Socialist Party enacted the law over the protests of the largest opposition force, the Social Democratic Party, the Japanese Communist Party, and minor opposition groups.

Polls have found the Japanese public split on the law.

Miyazawa said leaders of seven major industrial nations at this month's summit in Munich welcomed the peacekeeping cooperation law as showing a change in Tokyo's diplomatic attitude from "cash diplomacy" to a willingness to "sweat" alongside other nations.

He said a longstanding territorial dispute with Russia is not easy to resolve considering factors such as Russia's economic conditions.

Miyazawa, who won a brief reference to the dispute in the summit political declaration, said he had wanted to make clear that Japan's claim to four Russian-held islands off Hokkaido is based on international understanding and is not just a bilateral problem.

Japan cannot extend full-scale assistance beyond humanitarian or technical aid until Russia and Japan, which have never signed a postwar peace treaty, normalize relations, he said.

Tokyo demands the return of Kunashiri, Etorofu, and Shikotan islands and the Habomai islets, which were seized by the Soviet Red Army at the end of World War II.

Land Purchases To Stimulate Economy Proposed

OW1007161192 Tokyo KYODO in English 0958 GMT 10 Jul 92

[Text] Tokyo, July 10 KYODO—A senior Trade Ministry official proposed Friday that the government purchase unsold property held by banks and real estate firms for use in public works projects.

The official, who declined to be named, said unsold land held by banks and realtors following the collapse of the bubble economy is a factor behind the current economic slump.

The government's purchase of real estate for public works projects would increase the circulation of funds and help stimulate the flagging economy, the official said.

He added that spurring land and stock transactions is necessary along with measures to boost domestic demand.

Ozaki Opposed to Additional Economy Pump-Priming

OW1407114692 Tokyo KYODO in English 1110 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Vice Finance Minister Mamoru Ozaki indicated opposition Tuesday to increasing pressure on the government to take additional measures to stimulate the domestic economy.

Speaking at a seminar of business leaders at the summer resort of Karuizawa, Ozaki said stimulant measures taken during the previous economic slump caused by the yen's steep appreciation triggered the so-called "bubble" economy.

Comparing the 1986 and 1987 economic slump with that of today, Ozaki noted that the level of the official discount rate today stands at a low level and the front-loading rate of public works expenditures is higher today than before.

In a six-point package of economy-stimulating measures adopted in March, the government decided to appropriate 75 percent of outlays set aside for public works projects in the first half of fiscal 1992.

Ozaki said the government has already taken enough measures to revitalize the domestic economy.

Referring to a new 6-7 trillion yen economic package sought by the ruling Liberal Democratic Party in late

June, Ozaki said no concrete figures have been studied by the Finance Ministry yet.

The Finance Ministry has won the understanding of the ruling party tht it would be premature at this stage to decide on the size of a supplementary budget.

Hata Views Income Tax Cut, Trade Surplus

OW1407032592 Tokyo KYODO in English 0317 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Finance Minister Tsutomu Hata expressed skepticism about cutting income tax as a means to stimulate the economy Tuesday, citing fiscal restraint and doubts about the effects of such a move.

Hata told a news conference after a regular cabinet meeting that the level of Japanese income tax is by and large "reasonable."

"If you look at the (falling) tax revenue trend, it is undoubtedly not the time for income tax cuts," he said.

Hata also said income tax reductions are less effective as an economic stimulus than tax incentives for corporate capital investment, which are also being advocated.

Tax incentives for investment would naturally lead directly to greater investment by companies, while income tax cuts would not necessarily lead directly to a rise in consumption, he said.

Opposition parties and some business leaders have been calling on the government to reduce income tax.

Hata also expressed skepticism toward reviewing or scrapping the land value tax, arguing that land prices have not yet fallen sufficiently.

"Land prices have fallen noticeably from the peak but are still at high levels," Hata said. He said the newly introduced land value tax still has a role to play in lowering land prices.

Hata emphasized that the issue should in principle be discussed by the Tax Commission, an advisory panel to Prime Minister Kiichi Miyazawa.

Some politicians in the ruling Liberal Democratic Party are already calling for a review of the tax, which was introduced at the start of 1992.

On the comment by a senior U.S. official Monday that Japan should further increase its planned public works spending, which is to amount to 430 trillion yen over the next decade, Hata said it is a matter that Japan should decide on its own.

Hata said the government will decide on the issue taking account of fiscal factors and the conditions of the nation's infrastructure.

Olin Wethington, assistant secretary for international affairs at the Treasury, indicated in Washington on Monday that Japan should beef up the 10-year spending plan in order to rectify the trade imbalance between the two countries.

Hata stressed the importance of boosting domestic demand to increase imports, thereby reducing Japan's resurging trade surplus.

The Ministry of Finance reported Monday that Japan's trade surplus in the first half of 1992 hit a record 49 billion dollars.

Hata said Japan will respond "in a flexible manner" to any U.S. proposals, including those concerning public works, that are made in the high-level follow-up meetings to the Structural Impediments Initiative (SII) talks scheduled for late July.

Front-Loading of Public Works Spending Delayed

OW1407051092 Tokyo KYODO in English 0403 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—The front-loading of the scheduled 1992 public works spending in the first half of the current fiscal year is not being implemented smoothly, Takeshi Noda, head of the Economic Planning Agency, said Tuesday.

The front-loading is part of the pump-priming measures adopted by the government for fiscal 1992 which started April 1.

Noda told reporters after a regular cabinet meeting that while orders for public works have been issued early, the start of actual work has been delayed in some cases.

He has asked that fellow cabinet members expedite the start of construction work.

Noda said delays in public works construction could affect a drafting of the fiscal 1992 supplementary budget.

Small Companies Reportedly Suffer Sales Drops

OW1307115192 Tokyo KYODO in English 1135 GMT 13 Jul 92

[Text] Tokyo, July 13 KYODO—Japan's small companies suffered sales declines in the April-June quarter, a nationwide survey conducted by People's Finance Corp. said Monday.

The survey of 6,208 small corporations, conducted on June 10, assigned the manufacturing sector a minus 25.4-point sales indicator, the worst on record.

The April-June figure, computed by subtracting the percentage of companies with lower sales from those logging sales increases, was down from the minus 20.8 points for the previous three months.

"Sales drops this time seem serious from the viewpoint that sales performance had been sound until quite recently," an official at the institute said. "Sales by small companies are seen to bottom out as early as after October."

The casting and metal product industry registered a minus 55.9-point sales indicator, the general machine tool industry minus 57.1 points, and precision instruments minus 70.7 points, the institute said.

The outlook for the July-September quarter in the manufacturing business worsened to minus 31.9 points, the institute said.

Ministry To Ease Restrictions on Samurai Bonds

OW1407081492 Tokyo KYODO in English 0727 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—The Ministry of Finance (MOF) is expected to ease restrictions on issuance in the Japanese bond market of debt securities by non-Japanese issuers in order to boost recycling of the capital to developing countries, sources at the ministry said Tuesday.

The MOF will allow foreign borrowers with credit ratings of triple-B to issue yen-denominated bonds, known as samurai bonds, for public subscriptions in the Japanese market without a government guarantee, the sources said.

The looser restrictions will be put into effect probably in August, they said.

The MOF hopes the step will lead to larger issuance of samurai bonds by issuers of developing countries that do not have high credit ratings, like local governments in such countries as India and Hungary, they said.

In a similar step, the MOF in June last year eased restrictions on foreign issuers, granting access to the samurai bond market to triple-B borrowers on condition that they have obtained a government guarantee.

Issuers had previously been confined to those with at least a single-A rating.

The samurai bond market, however, remained sluggish, with only 26 issues totaling 691 billion yen in fiscal 1991, down from 76, totaling 1.36 trillion yen in fiscal 1990.

Behind the move is the fact that Japan's long-term capital flows turned to a surplus of 5.37 trillion yen in fiscal 1991, from a 2.82 trillion yen deficit in the previous year.

A government advisory panel recommended in May last year that the standards for issuers of samurai bonds be eased as a way to activate recycling of the capital to developing countries.

The MOF is also considering loosening the restrictions on private placement of yen-denominated foreign bonds, the sources said.

EPA Reports Rise in Private Machinery Orders

OW1407074892 Tokyo KYODO in English 0715 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Private machinery orders rose 1.6 percent in May from the month before to 959.6 billion yen, the Economic Planning Agency said Tuesday.

The seasonally adjusted figure, excluding volatile orders placed by electric power companies and those for ships, serves as a leading indicator for capital spending, predicting industry spending on plant and equipment for about six months ahead.

May's rebound was "weak," an agency official said, as the level remained almost the same as that of the previous month.

April orders had dropped a hefty 26.4 percent after three consecutive monthly advances. The official said the April drop reflected the one-time factor that most corporations had ordered machinery and equipment by the March 31 end of the last fiscal year.

Overall machinery orders in May dropped 13.1 percent from April to 1,859.7 billion yen, falling below 2 trillion yen for the first time since February 1989, the agency said.

All private orders, including those for ships and from electric power companies, declined 12.6 percent to 1,095.0 billion yen.

Those from the manufacturing sector, including the automobile, food, coal and petroleum, and machinery industries, rebounded 8.1 percent from April, when it marked a 35.3 percent decline.

May orders from manufacturers amounted to 434.3 billion yen and those from the nonmanufacturing sector came to 529.8 billion yen, down 2.9 percent.

Orders from electric power companies plunged 53.4 percent from April, when utilities boosted investment in nuclear power stations, agency officials said.

Overseas orders fell 18.3 percent to 368.8 billion yen, due largely to lower machinery orders from Southeast Asia.

Orders placed by the public sector advanced 2.3 percent to 281.7 billion yen, they said.

TSE Fines Brokers for Unfair Compensation

OW1407114792 Tokyo KYODO in English 1043 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—The Tokyo Stock Exchange (TSE) has imposed a fine of 5 million yen on each of three Japanese second-tier brokerage houses as a penalty for compensating favored clients, TSE officials said Tuesday.

Kankaku Securities Co., New Japan Securities Co., and Dai-Ichi Securities Co. wrongly paid compensation totaling 9.8 billion yen to favored clients for trading losses between April and June last year, the TSE said.

Kankaku gave 1,004 million yen to 17 favored clients, New Japan 1,538 million yen to 11 clients, and Dai-Ichi 7,256.0 million yen to 18.

The unfair transactions were revealed in a recent inspection by the Ministry of Finance for fiscal 1991, which ended March 31.

The ministry has been conducting investigations into trading by second-tier securities firms since November last year when it finished investigating the "big-four" securities companies—Nomura, Daiwa, Nikko, and Yamaichi.

The TSE also said four executives of Kankaku, New Japan, and Dai-Ichi have resigned and payment for 21 company executives have been cut back.

In May, the ministry recommended the three brokers take such in-house punitive actions after finding out about the unfair compensation, TSE officials said.

Kankaku, New Japan, and Dai-Ichi had already announced in June 1991 that they had conducted similar unfair stock trading in fiscal 1990.

Although clients receiving special treatment from the brokerages have not yet been named, most of them are likely to be corporate investors, not individual ones, financial sources said.

For compensating clients for losses, the brokerage houses used profits obtained from such financial instruments as futures and options. The brokerage also bought back warrants from clients after making profits, they said.

Up to September last year, a total of 170.0 billion yen had been paid in compensation by the big four securities firms and 43.7 billion yen by 13 second-tier houses, they said.

MITI To Review Intellectual Property Law

OW1407115392 Tokyo KYODO in English 1117 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—The Ministry of International Trade and Industry (MITI) said Tuesday it plans to overhaul the existing law to prevent unfair competition with a view to protecting intellectual property.

Ministry officials noted that the present law enacted in 1934 is outdated because it has no provisions for protection of intellectual property, including designs, ideas, and services, from imitation and copying.

They said the development of copying technology has made it easier to manufacture imitations and copied products.

The ministry's plan is in line with the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT) aimed at ensuring protection of intellectual property, the officials said.

They said the ministry plans to submit a revised law to the next regular session of the Diet for approval.

Global Partnership at Nongovernmental Level

922A0283A Tokyo TSUSAN JANARU in Japanese May 92 pp 19-20

[By Yotaro Onakata, Matsushita Electric Industry International Cooperation Promotion Section councilor]

[Text] Recently, the expression "borderless economy" has appeared frequently in the newspapers. These are words that, in the final analysis, merely express one aspect of the changes in our era when seen from the perspective of people like myself, who are on site at places of corporate activity. There are tariffs, and even in overseas production activities, there are many rules concerning foreign investment. Therefore, we have economic friction and the reason for the Uruguay Round.

The heights of the walls of the borders have been lowered continuously due to mutual cooperation and the efforts of the various nations after World War II. Trade and commerce have expanded as a result, and Japanese companies have developed and been the biggest beneficiaries. Will this free economic flow bring us a truly borderless economic society? When I see the ground swell of new ethnicism and the movements toward economic blocks, I get the feeling that this borderless economy is a remote dream.

International society, which is the collection of sovereign states, is a world of colliding political, economic, and, in the end, national egos. For example, even when they say "for the sake of the world," there cannot be a complete sacrifice of the interest of one's own country. We have to establish a new management style for Japanese companies while continuing to stare at this reality straight on amidst movement for the construction of a new world order.

Whether it be exporting manufactured goods to one country, or producing locally in that nation, in the end we are getting them to allow us to do business in "someone else's garden." If, on account of this business activity, the homeowner of that house should fall into an extremely difficult situation, there probably would be nothing we could do if he said "please leave." If that house were the United States or the EC and because it is clear that Japanese companies would not exist without the business there, there is no other way than to do business somehow or other so as not to have them say "get out."

We believe the concept of "business global partnership," which has as its ideal the symbiosis with industries and companies in these other nations, was fundamentally the right choice in this sense, whether as a nation or as a corporation.

In the case of our company, ever since the founding our business, we have held consistently to the management ideals of making a contribution to the development of culture and society through the development of electrical products, their manufacture, and sales. We have continued our activities until the present with a standard of conduct that calls for coexistence and co- prosperity with those with whom we have relationships. Especially as the boundaries of those activities have expanded to the entire world, we have come to operate overseas businesses with the first principle of contributing to those nations' societies and have promoted the "localization" of overseas production and sales activities.

Furthermore, Japanese trade surpluses have expanded. We set up an "import promotion committee" within our company and strengthened our import expansion activities company-wide in 1986 as an acceptance of the Ministry of International Trade and Industry (MITI) call for an expansion of imports. In 1989, we developed our own independent "international cooperation action plan," which was folded into one part of our line organization business activities. We also grappled with "expansion of imports" and "expansion of overseas production."

Thus, this time, following the "business global partnership concept" presented by MITI, we added "promotion of local procurement" and "industrial cooperation" to the "international cooperation action plan," and furthermore raised our 1993 import targets with the "Matsushita Electric Business Global Partnership Plan." We are currently conducting activities that should develop positively and strengthen even more the struggle for international cooperation.

Even if you can understand the thinking of "business global partnership," the reality is that it is hard to implement this at the scene of real corporate activities.

Corporations traditionally are profit organizations that seek economic rationality. "Business global partnerships" have many aspects that are in agreement with the pursuit of economic rationality over the long term, but costs are greater than one might expect. Seen in the short term, there are many aspects that run counter to economic efficiency.

What is to be feared is "agreement on the general theory, but opposition to the specifics." For enterprises involved in heavy competition, the costs of realizing a "partnership," if there are competitors who do not have to bear such costs, are not something they can manage at all. Nevertheless, there is a fear of running into problems with the antimonopoly law if you try to deal with competition on an industrial base. And, competition is not limited to other Japanese corporate competitors. It is troublesome because there are cases in the NIE's [newly industrialized economies] and ASEAN nations where two parties were played off against each other. It is extremely unclear as to how much business the counterpart generally will be satisfied to allow you to conduct n his "garden." Furthermore, this has to be promoted without the companies being able to calculate the actual costs since the limits tend to be selfishly decided. The entire process ordinarily is accompanied by uneasiness. There is also a fear that the demands of the counterpart nation's industry will escalate, and the expectations for the efforts of governments and the administrative authorities are great in respect to creating new international commercial practices.

In "Global partnership" a mutually beneficial support relationship is fundamental, and in a private enterprise that pursues economic rationality, continually paying out of one's own pocket in a one sided relationship has no likelihood of continuing for long. Furthermore, Japan is not necessarily strong in whatever field it enters.

Japanese companies that are tops in production technology power are preeminent only by a little in the aspect of production life-cycles. If one believes we can unilaterally and benevolently support the industries in the correspondent nation, that is likely conceit on our part.

The Kansai Financial Seminar started the other day. Wohlers, the head of the American Center in Osaka, countered the Japanese side's statement: "Even if the American automobile industry tried to invest in Japan, in the past, Japan had all kinds of restrictions and did not do anything for free trade, but only received its benefits." Leaving aside whether the contents of this statement are right or wrong, the imbalance in trade between Japan and the United States is not only the result of policies and the various present systems, but is an indication that it is the accumulation of the results of many acts from the past. If you turn this around, then it means that you can say that it took a very long time for the visible results to appear. But, in spite of that, in the situation at present, the political expectations of the correspondent nation come first, and I am apprehensive that too much weight is being given to pursuing short-term results.

It is very important to deal with the tendency of the correspondent nation to excessively make political problems out of the change in these results, with the danger as great as it is of mistakenly applying a resolution policy that exchanges the true substance of the problem for something else.

Above, I have spoken about some problem points in effecting "global partnership" from the perspective of a private sector corporation. Mutual cooperation and self reliance are important, but there are also many places where we have to borrow the strength of the government and administrative authorities for the resolution of these themes in its promotion.

For example, similar to the resolution of the problem of shortening the hours of labor, it is extremely important for the cost of promoting "global partnership" to be accepted by both society generally and by the economic community as a precondition for corporate management. That private sector corporations will make efforts is naturally to be expected, and I certainly want to ask for political support in creating that environment.

While there are still many unresolved questions, we are certainly promoting the idea of "global partnership" one step at a time. It seems to contradict the argument of looking squarely at the reality of "business in another's back yard" that was mentioned at the top, but on the road to the formation of a global nation where the whole world will operate as one economic sphere, we probably have to continue to make unceasing efforts to lower and eliminate economic borders because there are many cases where the economy precedes politics.

Furthermore, I will increase my resolve to promote international cooperation if the promotion of "global partnership" through a reconciliation with the rules for international competition coincides with the road to being a great nation for daily life where the people of Japan can enjoy affluence.

Yoshino Named Governor of Development Bank

OW1407050792 Tokyo KYODO in English 0410 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Former Vice Finance Minister Yoshihiko Yoshino will replace Gen Takahashi on Wednesday as governor of the Japan Development Bank, government officials said Tuesday.

Yoshino, 61, currently heads the People's Finance Corp. Sadaaki Hirasawa, also former vice finance minister, will succeed Yoshino's post.

Hirasawa is an advisor to the Finance Ministry's Institute of Fiscal and Monetary Policy.

Half of Local Governments To Start 5-Day Week

OW1307091392 Tokyo KYODO in English 0832 GMT 13 Jul 92

[Text] Tokyo, July 13 KYODO—One in two local government offices will introduce a five-day workweek by the end of next March, according to a survey released by the Home Affairs Ministry Monday.

The survey quoted 49 percent of the municipal, town, and village offices as saying they are scheduled to introduce the five-day workweek system by the end of March 1993.

The ministry conducted the survey, which covered 3,259 local government offices as of June 20 this year, as part of efforts to trim 2,008 annual working hours in fiscal 1991 ended last March.

Asked about reasons for the delay in the introduction of the system, some 27 percent not adopting the system by the end of next March pointed the slow adoption of the five-day workweek by private firms.

Another 21 percent said they are not introducing the system by next March 31, because it would hinder public services for local residents.

On an amendment on an ordinance to implement the five-day workweek system, 63.2 percent were quoted as saying they will make a proposal in their assemblies to do so.

Prefectures, municipal, town, and village government offices in Aomori, Yamaguchi, and four other prefectures will propose to their assemblies by the end of fiscal 1992 in March next year in order to amend ordinances to introduce the five-day workweek system.

Over the last four years from 1988, the Japanese Government has called on public and private sectors to cut annual working hours to 1,800 hours to achieve affluent life in the true sense of the word. Annual working hours in the United States, Britain, Germany, and France currently average about 1,500-1,950.

Foreigners To Work on 256-Megabit DRAM Chips

OW1107120192 Tokyo KYODO in English 1119 GMT 11 Jul 92

[Text] Tokyo, July 11 KYODO—Toshiba Corp. of Japan, International Business Machines Corp. (IBM) of the United States, and Siemens AG of Germany have agreed to jointly develop 256-megabit dynamic random access memory (DRAM) chips, industry sources said Saturday.

The agreement will be officially announced Monday, the sources said.

The 256-megabit DRAMs will be used for next-generation computers.

Toshiba has tied up with IBM in the field of "flash memories," while IBM has been undertaking joint development of 16-megabit DRAMs with Siemens.

Flash memories are electrically erasable programmable read-only memories. Unlike random access memories, flash memories retain data even after power is cut off and do not require a battery backup.

The latest deal among the three electronics giants is aimed primarily at enhancing their development capabilities and sharing large development costs for 256-megabit DRAMs, the sources said.

Currently, four-megabit DRAMs are the mainstay microchip in the semiconductor market.

Toshiba, IBM, and Siemens, employing 256-megabit DRAMs, will aim to develop high-performance, compact computer models, the sources said.

Firm Develops Single-Chip 'Artificial Retina'

OW1407124592 Tokyo KYODO in English 1204 GMT 14 Jul 92

[Text] Tokyo, July 14 KYODO—Mitsubishi Electric Corp. said Tuesday it has developed a single-chip "artifical retina" device capable of processing images more than 100 times faster than the conventional device operated by electric charge.

The new device will be used for sensors in industrial or "guide dog" robots in the future, the electronics maker said.

The artificial retina chip combines 4,096 photosensitive gallium-arsenide elements on a 1.4-square-centimeter substrate to convert light into electric signals, researchers at Mitsubishi Electric said.

The function of the chip is similar to that of the human retina, the sensory membrance lining the back of the inside of the eyeball, which combines signals from many photosensitive receptors and sends them to the brain by the optic nerve.

Mitsubishi plans to increase the number of photosensitive elements, eventually integrating up to one million, which would pave the way to practical use, the researchers said.

Mongolia

Byambasuren Supports Political, Economic Reforms

LD1107112192 Moscow Radio Moscow World Service in English 0700 GMT 11 Jul 92

[Text] Mongolia will accelerate its efforts to reform the economy and promote international ties. The prime minister, Dashiyn Byambasuren, underscored this resolve at a meeting held in Ulaanbaatar yesterday to celebrate 71 years of the peoples' democratic revolution in Mongolia. Mr. Byambasuren noted that the current reforms had taught the Mongol people to search for their own way to develop despite major shortages of food, fuel, and medicines.

German Minister Promises Support for Reform

LD1207215992 Berlin ADN in German 1653 GMT 10 Jul 92

[Text] Ulaanbaatar (ADN)—Helmut Schaefer, minister of state at the Foreign Ministry, has given an assurance of Germany's support for the process of democratizing both the state and society in Mongolia. Schaefer, who is the first representative of the federal government to visit Mongolia, met Prime Minister Dashiyn Byambasuren and Foreign Minister Tserenpiliyn Gombosuren in Ulaanbaatar today.

The Mongolian prime minister expressly welcomed the development aid of 50 million German marks provided by the Federal Republic since 1991. This places Germany at the top of European donor countries. There will be further talks on specific projects, particularly the sending of German experts, during a visit by Federal Minister (for Economic Cooperation) Carl-Dieter Spranger, in August.

Minister of State Schaefer described the strong interest in the German language in Mongolia, which is being cultivated by a number of Mongolians on scholarships in Germany, as a basis for intensive cultural cooperation.

North Korea

Daily Says Japan Evading Blame for Comfort Women

SK1407055392 Pyongyang KCNA in English 0437 GMT 14 Jul 92

["NODONG SINMUN Demands Thorough Probe Into 'Comfort Women' Issue"—KCNA headline]

[Text] Pyongyang July 14 (KCNA)—NODONG SINMUN today demands that the Japanese authorities clarify the real picture of the shocking crimes committed by the Japanese imperialists against Korean women in the past, sincerely apologize and make an adequate compensation for them.

In a commentary captioned "They Can Never Evade Responsibility for Crimes", the analyst says:

The results of investigation published by the Japanese Government as regards the problem of "comfort women for the Army" are quite nonsensical. They disclose less than one-one thousandth of the crimes of the Japanese imperialists. They were worked out to cover up the truth of the crimes for fear of public opinion. Not an iota of honesty is perceived there.

Pointing out that the Japanese Government in the results of investigation turned a blind eye to the responsibility of the old Japanese Government for the issue of the "comfort women for the Army", the commentary continues:

Drafting Korean women as sexual slaves for the Japanese "Imperial Army" was an organized heinous crime plotted by the then Japanese Government and executed by the military.

One can see from the telegram dated March 12, 1942, sent by the commander of the Japanese Army stationed in Taiwan to the then Japanese Prime Minister Hideki Tojo, that the prime minister had a hand in all matters down to the dispatch of the managers of the "comfort houses," according to the KYODO News Service of Japan. Not only one or two data prove that the Japanese emperor and government had a share in the "comfort women" issue.

The Japanese foreign minister said "Japan cannot help admitting that the then state involved itself" in the "issue of comfort women for the Army," and the chief cabinet secretary also admitted the responsibility of the state.

In the results of investigation, the Japanese Government tried to deny even this admission. In a nutshell, the

Japanese Government intends to evade its responsibility after creating the impression that it is interested in the solution of the "comfort women" issue with the results of investigation.

The Japanese Government announced that 127 items of materials mainly belonging to the period of the Second World War, which concern the old Japanese Army, were confirmed, but it was impossible to confirm how many Korean women were recruited as "comfort women for the Army" through what channels. This is a shameless self-deception.

Not a shred of sincerity and honesty to solve the "comfort women" problem can be found in the attitude of the Japanese Government.

It was not spontaneous that the Japanese imperialists took away Korean women as "comfort women for the Army" and reduced them to sexual slaves, but was an organized crime based on regulations including the rules of recruiting and using "comfort women."

Those who intend to cover up their crimes would stoop to any trick. But the trick employed by the Japanese Government authorities in the results of investigation is too clumsy.

Through the results of investigation, the Japanese authorities exposed to the world once again what sort of morality, conscience and reason they have.

With no ruse can the Japanese authorities conceal the barbaric crimes of the Japanese imperialists in forcibly taking away nearly 200,000 Korean women and committing unheard-of sex violations against them.

Housing Construction Stressed in North Hamgyong

SK1407103892 Pyongyang KCNA in English 1006 GMT 14 Jul 92

[Text] Pyongyang July 14 (KCNA)—Korea is directing big efforts to the housing construction this year, too, to provide the working people with better housing conditions.

North Hamgyong Province set itself a goal of completing houses for more than 17,000 families within this year and is pushing ahead with projects.

Houses for more than 13,000 families were completed or entered the final stage in the first half year.

In this period the provincial local construction and building materials general bureau successfully produced and supplied more than 34,000 tons of cement and large quantities of construction materials including steel and timber needed for the housing construction.

The housing construction is also making successful progress in other provinces through a mass movement.

South Korea

U.S. Nonproliferation Initiative Welcomed

SK1407100092 Seoul YONHAP in English 0947 GMT 14 Jul 92

[Text] Seoul, July 14 (OANA-YONHAP)—South Korea on Tuesday [14 July] welcomed U.S. President George Bush's non-proliferation initiative as "very timely" announcement that speaks for global interest.

"We welcome President Bush's announcement as a very timely initiative considering the recent deepening of regional conflict and global proliferation of weapons of mass destruction," a Foreign Ministry commentary said.

The announcement that the United States will not produce highly-enriched uranium or plutonium for nuclear weapons purposes matches our determination for nuclear-free Korea contained in the South-North Korean joint declaration of the denuclearization of the Korean peninsula, the commentary said.

"We hope that this will serve as an opportunity to contribute to preventing nuclear proliferation through speedy settlement on inter-Korean nuclear inspection regime," it said.

"South Korea will continue to actively participate in the world efforts for denuclearization of the Korean peninsula and non-proliferation of arms of mass destruction," it said.

N-S Red Cross Contact Yields No Results

SK1407064692 Seoul KBS-1 Radio Network in Korean 0515 GMT 14 Jul 92

[Text] North and South Korea held the fifth working-level Red Cross contact today in Panmunjom. Owing to the fact that the North Korean side again raised the nuclear issue and the case of Yi In-mo, North and South Korea failed to reach agreement. Correspondent Chong Chang-hun reports from the National Unification Board:

[Chong] Even though our side advanced a proposal for an amendment today, the North Korean side again raised the nuclear issue and the case of Mr. Yi In-mo, and warned that the exchange of visits may either be rescheduled or not facilitated unless these two issues are resolved in a satisfactory manner. This warning is noteworthy in that the North Korean side hinted for the first time at the possibility of a postponement of the visits of separated family members.

In today's contact, Yi Pyong-ung, our side's senior delegate, accepted many points of the North Korean side's proposal. He said that the South side would not insist that separated family members be allowed to visit their relatives' houses and their ancestors' graves or that artists, reporters, or support personnel, if they themselves are separated family members, be allowed to meet their relatives.

Delegate Yi also said that a list of 200 separated family members from each side must be exchanged in advance to form each list of visiting groups. He went on to say that our side cannot accept the North Korean side's proposal to exclude those who have criminal records from the visiting groups and to prevent reporters from slandering and defaming the other side while gathering news on the exchange.

In the meantime, the North side said that the ROK Government's merely negating its remarks—that resolving the nuclear issue is a precondition for implementing the North-South basic agreement—is not sufficient and that our government must release an official statement that annuls its remarks. It also said that the exchange of separated family members' visiting groups may not take place unless Mr. Yi In-mo's case is resolved.

In response, Delegate Yi said that in Prime Minister Chong Won-sik's 7 July letter, the South side stated that Yi In-mo's case can be resolved as part of a plan to repatriate separated family members who have been forcibly detained on the other side against their will, proposing that this matter be discussed in a separate meeting.

North and South Korea agreed to continue negotiations in the sixth contact on 20 July. However, given the North Korean side's demands, whether separated family members' visiting groups can be exchanged will be determined by the results of the seventh Joint Nuclear Control Committee scheduled for 21 July.

Plan To Expand Unification Board Finalized

SK1207111292 Seoul YONHAP in English 0700 GMT 12 Jul 92

[Text] Seoul, July 12 (YONHAP)—The government has finalized a plan to expand the organization of the National Unification Board in the face of expanding programs of inter-Korean talks and exchanges following the adoption of the basic South-North agreement earlier in the year.

The planned expansion, to be put into practice in a presidential decree, will affect the board's office of South-North dialogue and bureau of exchanges and cooperation.

The name of the office of dialogue will be changed to the office of South-North conferences and the office's dialogue operation department will be expanded into first and second conference departments.

First department will consist of political and military conference divisions, and second department socio-culture and economic conference divisions.

Besides, Exchange-Cooperation Bureau that handle civil petitions related to inter-Korean exchanges and cooperation will have an additional grade-3 cooperation officer and its existing two exchanges divisions will be enlarged into three.

A government official said Sunday [12 July] the expansion of these offices would require 47 additional officials.

Foodstuffs From China Encroach on Market

SK1407085492 Seoul THE KOREA TIMES in English 14 Jul 92 p 7

[Text] Food products processed in China with technology from South Korea have been encroaching slowly on the domestic market since bilateral trade officially began in 1988.

Noodle imports jumped 266 percent to 16.1 million dollars last year from 4.4 million dollars in 1990, the National Agricultural Cooperative Federation (NACF) said Tuesday [14 July].

Companies in China are hastening to produce the narrow noodles that Koreans like to capture more of the market, according to the Korea Trade Promotion Corp.

Choungsoo Food Industries Co. set up a joint-venture factory in Qingdao in May 1991 and transferred its noodle know-how. China is eager to learn how to make noodles to the taste of Koreans.

Bean paste, hot pepper paste and soy sauce are also likely to stampede into Korea in the near future as a few food companies are pushing for joint-venture factories in China, a NACF official said.

Imports of red pepper paste are restricted until the end of the year at NACF's 1988 request to rescue Korean manufacturers from a glut in domestic production and soaring imports.

Korea imported 1.1 million dollars of fermented soybeans from China last year, up 83 percent from 600,000 dollars in 1990, dealing a severe blow to the small Korean manufacturers.

"As part of the government's nordpolitik and moving low-value added industries abroad, farm product-processing technologies are being transferred to China," Han Ho-son, president of NACF, said.

He said that Korea should prepare for the boomerang effect caused by technology transfer to protect the livelihood of its 6 million farmers and the 1 million employees in the food processing industry.

Korea imported 780 million dollars of agricultural products from China last year, accounting for 17.5 percent of total farm imports of 4.46 billion dollars.

Trade, Industry Ministry on Trade Balance

SK1407063092 Seoul YONHAP in English 0244 GMT 14 July 92

[Text] Seoul, July 14 (YONHAP)—South Korea's trade deficit with European countries has ballooned in recent months, despite improvements with other major trading partners, the Trade and Industry Ministry said Tuesday [14 July].

Exports to Europe totaled 4.76 billion U.S. dollars during the first five months of the year, down 12.3 percent, while imports from the region soared 6.1 percent to 5.56 billion dollars from the same period a year earlier.

Korea's trade balance with the region turned around from a surplus of 180 million dollars in the same period last year to a deficit of 805 million dollars this year.

Exports to the European Community totaled 3.74 billion dollars, down 9.2 percent from a year earlier, while imports from the EC increased 2.6 percent to 4.23 billion dollars, for a trade deficit of 496 million dollars.

Korea's trade deficit with North American countries fell to 1.03 billion dollars for the first five months from 1.22 billion dollars a year earlier, while the trade deficit with Asian nations shrank from 2.8 billion dollars to 1.11 billion dollars during January-May.

Deficit in trade with Japan marked 3,489 million dollars, 320 million dollars less than a year earlier while that with the United States was 925 million dollars, down 164 million dollars.

Trade surplus with the Association of Southeast Asian Nations skyrocketed from last year's 1 million dollars to 384 million dollars. In trade with Latin American countries, South Korea enjoyed with a surplus of 465 million dollars, compared with last years 64 million dollars.

Foreign Investment Reportedly Down Jan-May

SK1407061892 Seoul YONHAP in English 0239 GMT 14 Jul 92

[Text] Seoul, July 14 (YONHAP)—Amid an overall decline of foreign investment in Korea, the U.S. share increased and Japan's dropped in the first half, according to a report released Tuesday [14 July] by the Finance Ministry.

Foreign investment in the first half dropped 20.7 percent in cases and 1.4 percent in sum, respectively, to 119 cases and 476 million U.S. dollars.

The report showed that United States made 35 investments worth 181 million dollars, 41.4 percent up from the same period last year, while Japan dropped 27.6 percent to 109 million dollars and Europe slipped 11.6 percent to 163 million dollars.

Since its 1988 record of 1.28 billion dollars, Korea has been losing foreign investment until last year, when Aramco invested 470 million dollars in Ssangyong Oil Refining Co.

Investment in Korean manufacturing industry dropped 32.3 percent in cases to 46 from last year's 62, but increased 21.1 percent in sum to 363 million dollars from 300 million dollars.

The chemical industry, and manufacturers of medicines, paper, and wooden articles drew conspicuous interest from foreign investors, the report said.

Investment in the service industry was off 17 percent to 73 cases from last year's 88 and 38.3 percent to 113 million dollars from 182 million dollars.

Foreign investment recorded a steep fall in trade, financial, and insurance businesses.

Industrial Bank Predicts Sluggish Third Quarter

SK1407045892 Seoul YONHAP in English 0224 GMT 14 Jul 92

[Text] Seoul, July 14 (YONHAP)—Medium- and small-sized manufacturing companies will experience continued sluggish business conditions in the third quarter of the year, but a slight improvement is expected in the fourth quarter, the Industrial Bank of Korea said Tuesday [14 July].

Domestic demand is likely to shrink in the second half of the year as construction and facility investments slow and the sales slump will drag on due to the price hike of major raw materials and wage hikes, it said, reporting on a business survey.

Many firms will continue to be plagued by lack of liquidity due to the government's strict control on the money supply for economic stabilization.

Of 2,756 small manufacturing firms surveyed by the bank, only 20 percent said business would improve in the third quarter, 46 percent said it wouldn't change and 34 percent said it would deteriorate.

The bank calculated the Business Survey Index (BSI) at 86.

For the fourth quarter, 33 percent forecast improvement, 51 percent said no change and 17 percent predicted a worsening for a BSI of 117. When the BSI is over 100, it means that more people think business conditions will improve.

By industry, almost all sectors expect a slump in the third quarter except food and beverages.

The chemical compounds, coal and plastics industries will suffer in the second half due to the overheated competition among themselves and rising international oil prices.

The short financial position continues to be a heavy burden on small enterprises despite the government's efforts to shore them up because of the overall business slump, the slow money flow and the stringent monetary policy.

It was forecast that the facility investments in the third and fourth quarters would be the same level as the previous quarter, centering on factory automation to lower production costs and raise productivity.

Wage hikes are the most difficult problem for small companies, followed by short domestic demand, lack of manpower and scarcity of loans, it said.

Textile, garment and leather companies are still in dire need of more manpower, but the problem is improving from a broad view, the Industrial Bank said.

Freight Forwarding Market To Open Fully in '94

SK1407083892 Seoul THE KOREA TIMES in English 14 Jul 92 p 7

[Text] Korea will fully open the freight forwarding market to foreigners in 1994, the Korea Maritime and Port administration [KMPA] said yesterday.

Now, foreigners are banned from owning 50 percent or more in joint invested companies involved in the freight forwarding in accordance with a related law.

This is the core result of the Korea-U.S. maritime talks July 7-9 in Washington by both governments' officials.

But the two sides failed to narrow their differences on the full opening of Korea's trucking market.

A KMPA spokesman said that the U.S. strongly demanded the opening by the end of 1993 but Korea rejected the U.S. demand on the grounds that an abrupt full opening would benefit neither Korea nor the U.S. amid severe road congestion and the small-scale of domestic trucking companies.

The two sides extended the two-day talks by one day to solve knotty issues, the spokesman said.

The Korean delegation also helped the U.S. understand other issues such as permission for foreign shipping companies to use container terminals in Pusan, bonded transportation and regulations on freight filing systems for foreign shipping companies, he said.

Kang Tong-sok, administrator of the Korea maritime and Port Administration, headed the nine-member Korean delegation and Warren Lebak, administrator of the U.S. Maritime Administration was his counterpart at the talks.

Real Estate Scam Termed 'Typical Fraud Case'

SK1207122092 Seoul THE KOREA HERALD in English 12 Jul 92 p 3

[Text] The probe into the recent real estate scam is likely to be closed early this week with the conclusion that it was nothing more than a typical fraud case.

A Seoul prosecution official denied the widespread report yesterday that investigation was underway to search for what they described as "invisible hands" behind the 47.3-billion won fraud.

"Investigation so far has proven that it was a typical fraud case in which the First Life Insurance Co. fell prey to a group of swindlers who posed as figures having strong connections with higher military and political authorities," said the official who wished not to be identified.

He went on to say that the probe is now focused on finding the whereabouts of part of the swindled money still unaccounted for and arresting three other suspects implicated in the case, who are still at large.

Of the three on the nationwide wanted list, Kim In-su is in the limelight for his enigmatic activities before and after the fraud case came to light.

Kim, 40, was confirmed to have managed Myonghwa Construction Co. located at Seoul Tower Hotel till Kim Yong-ho, 52, former civilian employee at the Joint Chiefs of Staff Headquarters fled to Hong Kong, June 11.

Yim Hwan-chong, 52, who reportedly acted as a go-between in arranging a business deal between Kim Yong-ho and Kim In-su, held a vice presidential post at the mysterious construction company.

Kim Yong-ho was introduced to Kim In-su in mid-December last year by Yim and Kim In-su who then introduced Kim Yong-ho to Chong Kun-chong, thought to be the main culprit in the real estate scam in late December, for which, Kim In-su reportedly received 3 billion won from Chong and went into hiding, according to the prosecutors.

Kim In-su was also found to have worked as an election campaigner for apolitical leader identified only as an initial"K" who ran for the March 26 general elections in his constituency in the South Kyongang Province.

Kim also drew particular concern from his relatives and friends when he, all of a sudden, changed his lifestyle recently and behaved as if he had become a billionaire overnight.

More recently, his friends were quite surprised to see lots of bouquets sent by prominent military and political leaders when his father celebrated his 70th birthday party.

In the course of investigation into the real estate scam, in the meantime, it was found that Chong Kong-chong and his accomplices were deeply involved in curb money markets.

A number of private money market dealers south of the Han River went into hiding in February all at once, thus paralyzing curb money market activities which in turn directly affected lots of business establishments heavily dependent upon the underground money market.

It was later confirmed that they did so after being tipped off on the secret probe into the scam started by the law-enforcement authorities.

"This is an indication of how well they are organized and informed about activities of the law-enforcement authorities.

As a rule of thumb, about 1,200 private money dealers are presumed to be active nationwide in the curb money markets.

Black money markets account for one third of the nation's economy in terms of the gross national product (GNP), one economist said.

Opposition Claims Manipulation

SK1407030992 Seoul THE KOREA HERALD in English 14 Jul 92 p 2

[Text] The two major opposition parties yesterday charged that the prosecution is manipulating its investigation into the multibillion won land swindle, and demanded efforts to get a real picture of the case.

They contended that law-enforcement authorities are trying to cook up the affair as a "simple" land scam to conceal the involvement of higher-ups.

A fact-finding team of the main opposition Democratic Party visited the Seoul District Prosecutors Office and called for a fair investigation into what the party alleges suspicious.

The team is to call on Yi Sang-yon, chief of the Agency for National Security Planning [NSP], to demand Kim Yong-ho, the arrested retired Army colonel who is believed to be the principal actor in the land scandal be charged with violating the tough National Security Law.

DP Co-chairman Kim Tae-chung argued that popular doubts in the land scandal have been snowballing by the NSP's decision not to indict Kim Yong-ho who allegedly breached the Security Law. Under the law, South Koreans are banned from contacting North Koreans without permission from the government.

Kim Yong-ho allegedly attempted to flee to North Korea via China but was arrested on charges of fraud early last week.

"It is the prosecution and the National Security Planning agency that make the people suspicious," Kim Tae-chung contended.

Following a meeting of the party's Supreme Council, party spokesman Chang Sok-hwa said his party believes that high-level government officials including those at Chongwadae were behind the case.

He claimed that the swindle was committed to raise political funds for the ruling Democratic Liberal Party.

The spokesman claimed that the prosecution has focused its probe on a group of con artists led by Kim Yong-ho, rather than revealing who masterminded the fraud and why.

He charged that the prosecution has failed to trace the 23 billion won missing from a bank account, part of the money First Life Insurance Co. deposited for a contract to purchase land owned by the Army Intelligence Command.

The prosecution should be looking into how the swindlers contracted the purchase of the land, although such sales need the President's approval, the spokesman said.

"Such a passive investigation will surely invite popular distrust in the government," he said.

The opposition United Peoples' Party issued a similar accusation.

Spokesman Cho Sun-hwan contended that without a thorough probe into the wirepullers in the land scandal, mounting popular suspicions on the land scandal would not fade, the spokesman said.

Opposition To Meet on Return To Assembly

SK1407085392 Seoul THE KOREA HERALD in English 14 Jul 92 p 2

[By staff reporter Choe Sang-hun]

[Text] The leaders of the two major opposition parties are to meet this evening to narrow their differences over whether the opposition should return to the National Assembly.

The newly elected Assembly's first session is now deadlocked as the opposition parties and the ruling party wrangle over when to hold the local polls for mayors and governors.

The two opposition parties had boycotted the session as soon as it opened June 29, protesting the ruling Democratic Liberals' [DLP] decision to postpone the polls until 1995.

According to the law, the polls should have been conducted by the end of last month, but the government, citing economic difficulties, postponed them and wanted the new Assembly to endorse its decision by rewriting the law.

Infuriated by the move, the opposition has accused the government and its ruling party of breaking the law and demanded that the polls be held within this year.

Today's meeting of the two opposition leaders draws special attention because it comes amid signs of a split in the opposition ranks.

Chong Chu-yong, leader of the No. 2 opposition United People's Party [UPP], has recently hinted at his intention to return to the Assembly.

The public wants the Assembly to lose no time in addressing bread-and-butter economic issues and investigating persistent doubts over a recent multimillion dollar land swindle case, Chong has said.

The main opposition Democratic Party [DP] appeared perplexed by the unexpected move by Chong but has stuck to its hard-line.

The importance of when to hold the local polls surpasses that of any other political and economic issue, and political parties must decide on the timing of the polls before anything else, say DP officials.

If the opposition returns to the Assembly session, they fear, the ruling party, commanding a majority in the single-chamber legislature, may railroad a revision bill in favor of postponing the local polls.

The timing of the local polls is of great political implication, according to the opposition parties. They contend the local administrative chiefs should be picked before or at the same time as the president so that the government can not abuse administrative powers for the December presidential election.

The governing party says the parties could ensure a fair presidential election by revising the election law.

Amid the wrangling, Chong's UPP seems to be benefiting the most. It is keeping both the ruling party and its opposition partner hopeful.

DLP leader Kim Yong-sam said yesterday he was sure that the opposition would return to the Assembly soon.

"It is only a matter of time. The people want the parties to return to parliament," Kim said.

Kim's rationale sounds familiar to Chong. In addition, Kim Yong-sam is openly inviting the opposition to investigate the recent land fraud scandal, and that is what Chong is itching to do.

But DP floor leader Yi Chol said that the UPP had always stood beside his party and would continue to do so.

"I don't think the UPP will break away from our partnership," Yi told reporters yesterday.

Ever the strategist, Chong is dangling a tantalizing position. He has said that the opposition partnership is meaningful only as long as it serves the interests of the public, adding that the people want his party to return to the Assembly. He said last week that his UPP is ready to go its own way.

However, Chong, through party spokesman Cho Sunhwan, yesterday put more emphasis on "opposition cooperation" than on going its own way. Chong may change his heart and stick to the "opposition alliance."

A recent cartoon in a daily newspaper highlighted the situation. It showed Chong nagging DP leader Kim Tae-chung to return to the Assembly while DLP leader Kim Yong-sam anxiously waited for the two. Chong was the only one smiling.

The billionaire-turned-political leader has no taste for being pushed over; he wants to make everybody heed him. He wants to become an influential power broker.

Kim Chong-il's Military Followers Profiled

SK1107102092 Seoul CHOSON ILBO in Korean 9 Jul 92 p 28

[Article by Pyok Wan-sik from the "North Korean" column]

[Text] After being elected supreme commander of the military, Kim Chong-il was awarded the title of marshal, thus strengthening his position as the supreme leader of the North Korean Army. In this connection, many of his aides within the military are emerging.

Kim Chong-il's leading confidants in the military are the trio of O Kuk-yol (63, general, director of the party Civil Defense Department [Minbangwibu]); Kim Kang-hwan (61, general, director of the party Military Department); and Kim Tu-nam (64, general, former director of the party Military Department). Like Kim Chong-il they all graduated from the Mangyongdae Revolutionary School and are elites who also studied at military schools in the Soviet Union.

In the seventies, this trio purged those opposing the process of helping Kim Chong-il become the heir apparent, thus playing a decisive role in helping Kim Chong-il's military following take root. By now, they have taken the leadership in Kim Chong-il's military following. These people are grouped in the second generation of the revolution.

O Kuk-yol is like Kim Chong-il's alter ego. He is sometimes regarded as "the crown prince of the military." He is the first graduate of the Mangyongdae Revolutionary School and graduated from the Soviet Air Force College. In just one year since being promoted to lieutenant general (equivalent to our major general) in 1968, he took the position of commander of the Air Force, and in 1977 he was promoted to deputy chief of the Korean People's Army [KPA] general staff.

O Kuk-yol played the role of "the head of the shock brigade" in driving out Yi Yong-mu, who was then director of the military's General Political Bureau, and Chang Chong-hwan, who was then vice minister of the Ministry of People's Armed Forces, as antiparty and antirevolutionary elements and eliminated them for having raised the banner of revolt against the work to have Kim Chong-il become heir apparent in the mid and late seventies. From that time, he became Kim Chong-il's right hand and traveled the road to a successful career. In September 1979 he was assigned to the office of chief of the general staff and in April 1985 he became a four-star general.

O Kuk-yol displayed enormous influence in the military and at one time he instead of Kim Chong-il took control of the army. He was considered the real power in the military because there was speculation that he was in charge of upholding Kim Chong-il as the military leader.

However, in 1988, in his 10th year as the chief of the General Staff, O Kuk-yol was suddenly dismissed from this position, thus raising questions. This incident was called the "February 1988 coup d'etat" in which O Chin-u (75, marshal), minister of the Ministry of People's Armed Forces, who is the leader of the first generation of the partisan revolution and symbol of the People's Army, directly appealed to Kim Il-song, saying he should be dismissed for self- indulgent behavior.

O Kuk-yol, KPA chief of general staff, was replaced by Vice Marshal Choe Kwang, 74, a first-generation revolutionary. In this way, O seemingly disappeared from the leadership. However, he became director of the party Civil Defense Department and is still trusted by Kim Chong-il. Experts believe that he will soon make a brilliant comeback when Kim Chong-il takes control of the military and that he will become KPA chief of general staff or minister of the People's Armed Forces and will play the role that O Chin-u is now playing under Kim Il-song.

Kim Kang-hwan and Kim Tu-nam started their military careers as instructors at the party's Military Department. They were working under Kim Chong-il in 1980, when it was made public that Kim Chong-il was the heir apparent and became director of the party Military Department, which controls the military.

Kim Kang-hwan and Kim Tu-nam are said to give advice on military policies to Kim Chong-il behind the scenes.

Kim Kang-hwan, who was born in Pyongyang, graduated from the Mangyongdae Revolutionary School and the Soviet Military Academy. He started his military career as instructor at the party Military Department in 1962. He was promoted to major general (brigadier general in the ROK) in 1968. He became chief of the Operations Bureau of the Ministry of People's Armed Forces in 1977 and deputy chief (lieutenant general) of the military's General Political Bureau in 1979. He became director of the party Military Department in February 1984.

At the sixth party congress in 1980, he was elected alternate member of the party Central Committee Political Bureau, member of the party Central Committee, and member of the party Central Military Commission. Rumors have it that he is a relative of Kim Il-song's. He is a man of discretion and is believed to be a leader among the second-generation revolutionaries in the military.

Kim Tu-nam was brought to attention when he, along with Kim Kang-hwan, was elected member of the party Central Committee and member of the party Central Military Commission. He graduated from the Mangyongdae Revolutionary School. He began working at the party Military Department in 1965 and was appointed its director in 1982, relatively earlier than usual. He is well versed in military affairs and gives advice to Kim Chong-il.

Speculation is that the two generals will lead the second-generation revolutionaries and play a leading role in the transfer of power. Those who are emerging in the North Korean military in addition to this gang of three are Yi Pong-won (65, deputy chief of the General Political Bureau in charge of organizational affairs); Kim Il-chol (64, commander of the Navy); Cho Myong-nok (68, commander of the Air Force); Choe Sang-uk (artillery commander); and O Yong-pang (member of the party Central Military Commission). All of them are members of the " '80 group," which emerged in 1980 when Kim Chong-il's system moved to the fore.

In particular, Yi Pong-won's activities have become noteworthy. He graduated from Kim Il-song University. He served as chief secretary of the Kaesong Party Committee and the South Hwanghae Provincial Party Committee, a career very different from the military. He was appointed colonel general and deputy director of the military's General Political Bureau in December 1986. On behalf of the party, the General Political Bureau controls the military. A political officer in the military, he control the KPA's personnel and organizational affairs. Kim Chong-il reportedly bestows favors on him. The military policies presented since Kim Chong-il was elected KPA supreme commander are reportedly his work. As a result, he is referred to as a candidate for the next chief of general staff. Most of the members of the " '80 Group" were promoted to full-star generals in April's large-scale reshuffle of generals, filling the military's upper echelon.

Kim Chong-il's followers in the military are mainly composed of second-generation revolutionaries who played a central role in national defense after liberation. They are serving at every important post in party organizations in charge of military affairs, in the Ministry of People's Armed Forces, in the Ministry of Public Security, in the Ministry of National Defense [as published], and in the Guard Command.

In April's reshuffle of 664 generals, Kim Chong-il promoted a total of 140 second-generation generals, including his confidants, to an immediately higher rank, thus making them real power holders. He also stretched his hands to third-generation revolutionaries by promoting 524 colonels to general.

A big hurdle remains for Kim Chong-il to take full control of the military: the presence of the partisan first-generation revolutionaries, including O Chin-u. O Chin-u; Choe Kwang; Vice Marshal Yi Ul-sol (71, director of the General Guard Bureau); Vice Marshal Chu To-il (70, commander of the Pyongyang Garrison Command); Vice Marshal Paek Hak-nim (71, minister of public security); and other partisan military elders still fill the highest military posts and strongly influence the military. Kim Chong-il's attempt to replace those elders would invite a strong backlash from them.

In particular, O Chin-u has strong ties with Kim Il-song, is the most important figure in the North Korean military, and accompanies Kim Il-song and Kim Chong-il to every important event. So, he is considered to be a guardian of the current succession plan.

Therefore, Kim Il-song and Kim Chong-il are making significant efforts to keep O Chin-u and other generals in line. It is considered that because of this, out of courtesy to the elders, on 20 April, three days before the military reshuffle, O Chin-u as well as Kim Chong-il was promoted to marshal and eight elders, including Choe Kwang, were promoted to vice marshal.

Also, Kim Il-song, in an unusual move, invited the elders to a luncheon in March and stressed "harmony." This is considered to be an effort to prevent possible conflicts.

Kim Chong-il's full control over the military and the completion of the succession system depend on how well his military followers will rule the military, which is the last bastion maintaining the North Korean system, and how united they are.

Large Number of Students Distrust Politicians

SK1407082792 Seoul YONHAP in English 0808 GMT 14 Jul 92

[Text] Seoul, July 14 (YONHAP)—A large number of students have a strong distrust of politicians of all stripes, according to a survey by the research practice team of Seoul National University's [SNU] Sociology Department.

The findings of the May survey on the thoughts and lives of 963 SNU students were released on Monday [13 July]. Over half, 56 percent, do not support any political party.

Asked who should rule Korea, 36.1 percent said reform-minded fresh blood in the existing political bloc, 25.8 percent the farmers and workers movement force, and 20.3 percent the citizens movement force.

Of those who had completed their army service, 47.2 percent supported reform-minded new blood in the political bloc, against 33.5 percent of those who had yet to serve. The SNU team said they took this to indicate that army experience makes students more realistic.

Of the 24.2 percent who did not vote in the March 24 general elections, 24.6 percent said they could not vote due to circumstances beyond control, 13.7 percent said the party they supported did not have a candidate in their district, 12.8 percent answered they had no interest in government, and 11.8 percent said political reform could not be attained by elections.

Brunei, Malaysia & Singapore

Malaysia

Federal, Kelantan Disagreement Over Dam Continues

Attorney General To Review Action

BK1107141092 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 11 Jul 92

[Excerpt] The federal government will refer the action of the Kelantan Government to prevent federal ministers from visiting the Pergau hydroelectric dam project site to the attorney general. Asked by reporters to comment on the Kelantan Government's action, Prime Minister Datuk Sri Dr. Mahathir Mohamed said it is up to the attorney general to determine whether the action was legal or otherwise. On negotiations between the federal and Kelantan governments on the matter, he said discussions could not be held under the present circumstances. The prime minister pointed out that if discussions were held because of pressure from the other party, a fair decision would not be reached.

In Marang, Terengganu, Deputy Prime Minister Encik [Mr.] Ghafar said the Kelantan Government's move not to allow federal ministers to visit the Pergau hydroelectric project site would be discussed by the Cabinet before any action was taken. The matter would probably be discussed at the Cabinet's meeting to be held in Kuala Terengganu next Wednesday in conjunction with the prime minister's week-long visit to the state. [passage omitted]

Kelantan Head Clarifies Visit Ban

BK1107150292 Kuala Lumpur Radio Malaysia Network in Malay 1430 GMT 11 Jul 92

[Text] Anyone, including federal ministers, can visit the Pergau hydroelectric dam project site in Jeli provided he follows regulations. Kelantan Chief Minister Haji Nik Abdul Aziz Nik Mat said the site is a forbidden area and not everyone can freely visit it. [two preceding sentences as heard] He stated the state government's stand before newsmen after closing a political and administrative seminar organized by Kelantan's Pan Malaysian Islamic Party in Camp Kijang, Kota Baharu. He, too, must follow regulations if he wishes to visit the Pergau project site.

Mahathir Article on Developing Nations, Economy

BK1307120192 Kuala Lumpur NEW STRAITS TIMES in English 9 Jul 92 p 12

["Article" by Prime Minister Dr. Mahathir Mohamed entitled: "We Enjoy an Edge With Lower Wages"]

[Text] Developing countries have very few advantages when competing with the developed, particularly in the manufacturing industry. It may happen that they have the natural resources needed as raw material. Or they may have petroleum or cheap hydro-electric power. But the only real advantage that they have is their low-cost labour. By and large, the labour is unskilled. But for the production of natural products only minimal skills are needed.

For a very long time, the only sources of wealth of the developing countries are the commodities which they produce with their low-cost labour. But these two assets that they have will never enable them to catch up with the developed countries. In fact, through the manipulation of the market, the developed countries are able to obtain the commodities at increasingly lower prices. Yet the manufactured goods produced with these commodities keep on increasing in price, year by year. Thus, more and more commodities have to be sold for less and less manufactured goods.

What this means is that the gap between the commodity-producing, developing countries and the developed, industrialised countries will get wider with the years.

There are other disadvantages which handicap the developing countries. Generally, they are not skilled in the modern science of administering their countries. Whether it be a dictatorship or a liberal democracy, their lack of administrative skills invariably affects adversely the infrastructures required for economic stability and predictability of their country.

Additionally, the low earnings of the political leaders and administrators make them easily compromised. Without a competent and clean Government, it is impossible for a country, developing or developed, to plan and implement policies for economic growth and welfare of their people and to react to the vagaries of the internal and external economies effectively.

On the other hand, the developed countries have an abundance of skilled management, technological knowhow including production techniques and capital. When they started on industrialisation, their cost of labour was also low. Indeed, in the early years of the industrial revolution they even used child labour. They were also able to exploit the resources and the cheap labour in their colonies.

For almost two centuries, the developed countries were able to make rapid economic progress unchallenged by the developing countries, which in most cases, they ruled and dominated. The gap between the developed and the developing widened tremendously during this period.

By the time the developing countries realised that there is no hope for them to challenge the developed countries unless they industrialised, the social, economic and political strengths of the developed countries were so advanced that they can afford all kinds of disruptions without substantially affecting their lead relative to the developing countries. Thus they can withstand political instability and industrial unrest and still remain economically strong and competitive.

So sure were they that developing countries outside of Europe and America will not be able to master their technology that they were quite complacent when Japan tried to industrialise. The early Japanese products, though cheap, were of such poor quality that they posed no threat to the products of the West.

But the Japanese were competent administrators. Once they mastered the technology, they were soon able to compete successfully in the market with western products.

After the Japanese, the Koreans and the Taiwanese proved that mastery of western technology is possible for anyone who really tries. Given the opportunity, developing countries can industrialise and compete successfully with the developed countries.

At this stage, the developed countries decided to obstruct the industrialisation process in the developing countries. It was too late to do anything about Japan. And so they classified Korea, Taiwan, Hong Kong and Singapore as Newly Industrialising Countries (NICs). They identified the comparative advantages of these countries as low-labour cost, authoritarian governments, low currency value, and protection for local industries as well as domestic markets.

By stirring up industrial unrest and demanding an end to undemocratic rule, they set the stage for economic and political instability. Pressure by the Group of 7 industrial countries and the World Bank resulted in the currencies of the NICs being revalued upwards. More pressure was applied in order to open up their domestic markets.

Immediately these NICs became less competitive. Industrial and political unrest reduced productivity. Higher wages paid in the revalued currency increased the unit cost of products. The cost of living rose rapidly, negating the higher income received by the workers.

Having succeeded in obstructing the development of the NICs, the rich developed countries are not going to wait until the other developing countries reach the stage of the NICs. They reasoned that it is easier and more effective to act early while these countries are still very weak.

As has been mentioned the two most important advantages the developing countries have are natural resources and low-labour cost. The resources are countered by scientifically researched substitute or manipulation of the market. Thus, tin as a packaging material faced competition from paper, glass, plastics, aluminium and a number of other materials. Through threats and the actual use of these materials, tin prices were pushed down so low that mines had to be closed. Rubber had to compete with synthetics against which it lost out. The same happened to other natural resources on which the developing countries depended in order to achieve economic growth.

Granted, the developed countries may not be deliberately striving towards impoverishing the developing countries when they looked for substitutes which were either better or cheaper or both. But the effect on the developing countries was to impoverish them.

Some developing countries like Malaysia decided to industrialise in order to reduce dependence on the unreliable commodities. Malaysia has to a certain extent mastered the skills required to administer the country under the democratic system. It is, therefore stable enough to enable the economy to grow and to switch to industrialisation.

But Malaysia, together with other developing countries, lacks the know-how and technology, industrial management skills and capital. To overcome these disadvantages, Malaysia invited foreign capital investments along with their technology, management skills and marketing knowhow.

But for foreign investments to help Malaysia develop, the country must offer certain comparative advantages. Along with political stability, tax and other incentives were offered. In addition, Malaysia has the usual lower cost labour of developing countries.

Unable to charge Malaysia with being authoritarian, the developed countries, particularly their trade unions, set out to destabilise industrial relations in order to discourage foreign as well as local investments and prevent progress towards industrialisation.

Clearly if the advantage of low-cost labour can be eliminated, the developed countries will have all the advantages. Conversely, without the advantage of low-cost labour, there is no way for a developing country to be more productive, that is, to have lower unit cost in manufacturing than a developed country.

Working through international labour organisations the leaders of the labour unions in the rich developed countries gained influence over the leaders of unions in developing countries. By involving the principles of free association and the right of workers to form trade unions and to take industrial action, the leaders of the trade unions in the rich developed countries were able to lend legitimacy and moral strength to their objective of preventing the developing countries from competing with them they argued that competition must be fair and the developing countries were not competing fairly because they do not pay their workers fair wages. That the developing countries have to pay to the developed countries for their technology, management expertise and cost of capital and are, therefore, at a disadvantage when competing with the developed countries, are ignored.

Are wages in the developing countries really low? Wages or any kind of earnings are only meaningful when their purchasing power is taken into account. Absolute sums of money are quite meaningless if what the wage earner can buy with them is less than what wage earners in other countries can buy.

Thus, one ringgit is worth two-fifths of US$1 or 40 US cents since the exchange rate is US$1 to M$2.50. But in terms of purchasing power they are approximately the same. US$1 will buy one hamburger of the same size as the one sold for M$1. The same ratio is obtained when other products, food and housing are compared.

A worker in Malaysia earning $500 a month can live equally well as a worker in the US earning US$500 per month. In actual fact, a worker earning US$500 per month in America is poorer than a M$500 per month Malaysian worker.

Even for business executives earning the same salary as American executives but in ringgit instead of the US dollar, their purchasing power is the same if they should stay and spend in their own country. It is only if the Malaysian goes to the US that he will feel poor. Conversely, the US executive travelling to Malaysia will feel well-off.

A comparison of the cost per day for a traveller in the different countries as analysed by travel magazines shows clearly that the cost of living in Malaysia is about a third of that in most developed countries.

It is, therefore, wrong to compare the exchange value of the wages of a Malaysian worker or executive with that of workers in the developed countries. The cost of living in Malaysia is low. It is approximately one third that in developed countries.

If wages in Malaysia are made the same as wages in developed countries in exchange value, then the Malaysian worker would be more highly paid than the worker in the developed countries in terms of purchasing power. Unfortunately, this will not be for long. Higher wages will lead to inflation which will reduce the purchasing power of the Malaysian worker. In the end, although wages may be high, the purchasing power will remain the same as before or may even be lower.

But what is really important is that the comparative advantage of low-cost labour would be lost. At the same time, the developing country would still be without indigenous capital, technology and management skill. It will still have to pay for all these by giving tax and other incentives. In other words, cost of production in a developing country will be higher than in developed countries. The competitive edge will be lost.

This means that developing countries will not be able to catch up with the developed countries. A developing country will always be a developing country although the workers are paid the same wages as those in developed countries. Worse still, as there is no comparative advantage, there will be no foreign or even local investments.

It will not be able to industrialise. It will have to subsist on the production of commodities, which provides fewer employment opportunities. Unemployment will characterise the labour scene. And the developed countries will always be richer and more powerful than the developing countries. This is the real objective of the developed countries and their workers and unions. They know that by forcing wages to go up in the developing countries, the threat to their own livelihood and lifestyle posed by the industrialisation of these countries will be removed.

Workers and trade unionists in developing countries should think twice when their brothers from the rich developed countries express concern and sympathy for their lot. When competitors suddenly become supportive, there is reason for suspicion. As much as our goods are competing with their goods, workers in developing countries are competing with workers in the developed countries.

Malaysia is one of the fastest industrialising countries in the world. Although the per capita income is still about one-eighth of the developed countries, its growth rate indicates that given time it can catch up. Because of this, a lot of attention is being paid towards its performance. There are many indications that the developed countries will not allow unhampered growth for Malaysia.

Certainly the trade unions in the developed countries are not going to permit yet another country to threaten their jobs and their comfortable lifestyles. Malaysians would be naive to think that they are going to have an easy passage. It pays to be alert and attentive.

But workers must be paid what is due to them. Their wages should go up if productivity goes up. Their unions must protect them. The Government too must protect them. But at all times everyone must be aware that when wolves offer to escort Red Riding Hood, the little girl can end in the stomach of the wolves.

Our only advantage is our low-cost labour and our low cost of living. If we lose it, then we will be a permanently poor developing country.

Mahathir Calls Trade Union Leaders 'Traitors'

BK1007153792 Kuala Lumpur Radio Malaysia Network in Malay 1430 GMT 10 Jul 92

[Text] Prime Minister Datuk Sri Dr. Mahathir said today the Malaysian Trade Union Congress (MTUC) leaders did indeed commit treachery by discrediting Malaysia at last month's International Labor Organization conference in Geneva. The government, however, has decided not to prosecute them as they have not broken any law in their act of running down the country.

MTUC leaders were traitors for being treacherous to the country and workers. He told reporters this after opening an exhibition on youth in national development in Kuala Lumpur. The prime minister said the union leaders had let themselves be used by Western labor unions bent on seeing Malaysians lose their jobs, and fail in the country's economy.

Prime Minister Dr. Mahathir stated that MTUC leader Zainal Rampak and MTUC secretary V. David are among the union's leaders that often criticized the country's economic policy. He said that the government has no ill-feeling towards the MTUC organization and considered it as the biggest trade union in Malaysia. The only problem is that MTUC is led by an opposition party. Dr. Mahathir further added that the union leaders are actually interested in becoming national leaders and holding power in the country.

Mahathir Accusation Referred to Lawyers

BK1107152692 Kuala Lumpur Radio Malaysia Network in Malay 1430 GMT 11 Jul 92

[Text] The Malaysian Trade Union Congress [MTUC] is consulting with its lawyers after the prime minister accused MTUC President Mr. Zainal Rampak and Secretary General Mr. David of being traitors. Datuk Sri Dr. Mahathir also said they were acting against the interests of Malaysian workers by allowing themselves to be used by international organizations that only wanted to see the country's economy collapse and the people jobless. Mr. Zainal said all they were doing was based on the mandate given by the MTUC General Assembly.

Mahathir 'Unaware' of Build-Up Over Spratlys

BK1007154092 Hong Kong AFP in English 1143 GMT 10 Jul 92

[Text] Kuala Lumpur, July 10 (AFP)—Malaysian Prime Minister Mahathir Mohamad said Friday he was unaware of any military build-up by rival claimants to the disputed Spratly archipelago in the South China Sea.

"There is no beefing up of military strength as reported," Mahathir said, commenting on news reports that five of six Asian countries claiming the disputed island chain had sent troops there to reinforce their positions.

Malaysia, Vietnam, China, Taiwan, the Philippines and Brunei either claim ownership to the whole, or parts of the archipelago which is believed to be rich in oil and gas.

"The best way to resolve the overlapping claims is through negotiations," Mahathir told reporters here.

Reports said all disputants, except Brunei which has no military force posted to the Spratlys, had strengthened their military presence following China's May 8 agreement with U.S-based Crestone Energy Corp. to drill for oil in an area Vietnam claims is on its continental shelf.

Malaysia has small military detachments on two tiny Spratlys islands, Layang-Layang and Matanani, which Malaysian king, Sultan Azlan Shah, visited in May in what was widely seen as a reassertion of Malaysian sovereignty there.

Trade Minister, Iranian Counterpart Discuss Trade

Iran Offers To Export Building Materials

LD0907113692 Tehran IRNA in English 1016 GMT 9 Jul 92

[Text] Kuala Lumpur, July 9, IRNA—Iran offers to Malaysia its building material, especially in marble tiles which are widely produced in the country, according to Malaysian minister of domestic trade and consumer affairs, Abu Hassan Omar said on Thursday.

"We will call on Malaysian private sector who are involved in construction to take this advantage because at present we import those material from Italy and other European countries," he told newsmen after a meeting with Iran's deputy president and head of the budget and planning organisation, Masoud Roghani Zanjani.

Abu Hassan, who is also former Malaysian foreign minister said he and Zanjani agreed that the private sector from both countries must continue to remain active by being aggressive in exploring and nurturing new avenues of co-operation.

They also hoped that more trade exhibitions and fairs would be held in the two countries so that the public would be better informed about the other side.

Total trade between the two countries stood at 61.28 million US dollars in 1991. This was a 33 percent decline from the previous year's total of 91.15 million US dollars.

Abu Hassan said Iran is also interested to export its pharmaceutical products to Malaysia, but he said the pharmaceutical products first have to get an approval from Malaysian Health Ministry.

"We will consult with the Health Ministry on this matter," he said.

Zanjani is leading a 23-member delegation to Malaysia.

Agreement on Future Ventures Reached

BK1107100492 Kuala Lumpur BERNAMA in English 0704 GMT 11 Jul 92

[Text] Kuala Lumpur, July 11 (OANA-BERNAMA)—Malaysia and Iran have agreed to make each other gateways for future ventures in the newly-independent Central Asian republics and Southeast Asia respectively.

This Iranian proposal was among matters agreed on at the two-day third Malaysia-Iran Joint Commission meeting which ended here Friday.

Foreign Minister Abdullah Ahmad Badawi said Saturday Malaysia had the infrastructure and facilities to offer Iran as a gateway for it to diversify trade with other countries.

"Since we enjoy good relations with Iran, I am sure Malaysia can serve as a good and effective gateway for its economic activities in the Far East, particularly Southeast Asia," he told reporters after signing the minutes of the meeting together with Iranian Vice President Rowghani Zanjani.

Abdullah said Malaysia could also use port facilities in Iran to trade with countries in Central Asia as most of these countries were landlocked and had no port facilities.

He also said the Palm Oil Research Institute of Malaysia (PORIM) had agreed to sponsor a group of researchers from the Iran Standard Institute to conduct collaborative research here soon to convince the Iranians of the nutritional values of palm oil.

"It is important that the Iranians be made to realise the nutritional properties of palm oil and there is a need to speed up this research project," he said in response to the problem of Iran not acknowledging the product as edible oil.

He said PORIM had allocated between two and three months for the project which could be extended if necessary.

Both Abdullah and Zanjani agreed that the two countries should get down to specifics and not merely express general statements as had been done in the two previous meetings of the commission.

Asked about joint investment projects, Abdullah said no specific programmes had been agreed on as it was not for the commission to decide on such matters but they had identified areas that could be explored such as support-based industries and mining.

Zanjani said Iran welcomed Malaysian investments in oil palm cultivation or its related industry such as palm oil purification projects.

Earlier during the signing, Abdullah said Malaysia and Iran had reached important decisions on several issues that would have significant impact on their bilateral relations.

The meeting also agreed to step up the promotion of culture and tourism and exchange of experts in the fields of agriculture, veterinary, fisheries, and training of officials.

Abdullah described the commission as a useful mechanism through which durable cooperation in diverse areas of economic, trade, cultural, and social activities could be realised.

Zanjani expresssed confidence that the agreement reached here could be translated into action by the next meeting of the commission in Tehran next year to pave the way for enhanced cooperation in various fields.

"Iran has always looked towards Malaysia on a long-term basis. As Muslim countries, we need to foster strong cooperation to prevent us from being too dependent on developed countries," he added.

Defense Industry Cooperation Signed With ROK

BK1107040092 Kuala Lumpur BERNAMA in English 0320 GMT 11 Jul 92

[Text] Kuala Lumpur, July 11 (OANA-BERNAMA)—Malaysia has strengthened its military ties with South Korea following the recent signing of memorandum of understanding between the two countries, said Malaysian Defence Industries Council Secretary Zamani Rafique.

The council, as the Malaysian defence industry representative, signed the memorandum with their counterparts, the Korean Defence Industry Association, during a visit to Seoul last week.

Zamani said the Malaysia-Korea Defence Industry Cooperation Committee would be cochaired by representatives from both countries.

"Its main task will be to identify opportunities for business and technical cooperation," he said, adding that the committee would meet yearly. Both sides would have government observers in the committee, he added.

Australian Opposition Leader Stresses Close Ties

BK1107062092 Kuala Lumpur BERNAMA in English 0316 GMT 11 Jul 92

[Text] Kuala Lumpur, July 11 (OANA-BERNAMA)—Future governments in Australia will continue to maintain close ties with Malaysia, an Australian opposition leader said Friday.

Liberal Party Deputy Chief Peter Reith said there was basically a shared view among the political parties in Australia which stressed the importance of the close relationship between the two countries.

"The Australian Government simply wants to build on this relationship by making a number of changes in policy which will only further encourage the ties," the shadow treasury minister told reporters at a press conference here.

Asked what major changes would be introduced affecting Malaysia in the event a coalition government was voted into power in Australia, Reith said while the principle would remain the same, efforts would be made to further improve economic linkages.

"There will obviously be some changes in education policy which will be favourable to build up the export of Australian educational services.

"We also have very good defence relationship with Malaysia. Obviously this has to be strengthened further."

He added that more joint ventures and investments would be made to boost bilateral economic ties.

"Our general policy is to encourage greater export orientation in the Australian economy, to add value to some of our primary products, and to boost our competitive position to enhance exports.

"We are also proposing a phasing-out of all protection by the year 2000 which will improve Malaysia's access to the Australian economy and markets.

"We think measures taken by the Australian Government, overtime will certainly foster, particularly, the trading and investment links between Malaysia and Australia.

"While not dismissing other elements of the existing close relationship between the two countries, our general interest is to further liberalise trading arrangements."

Reith, who is visiting Malaysia for the first time, said he was here to meet government and business leaders to inform himself of the issues which were relevant to the Australian-Malaysian relationship.

"It is to encourage that relationship and to acquaint myself so that in the event of a change in government (in Australia) the authorities here will be well aware that such a change can only be positive for the relationship between the two countries.

Reith said the relationship between Australia and Malaysia was a long standing one.

"Over 100,000 Malaysians have been educated in Australia, many of whom know Australia well. This is a solid foundation for the relationship.

"We have been enjoying a very positive and close working defence relationship. There has been a build-up in two-way trade between the two countries in recent years."

In political terms this year, he said, there had been a number of senior ministers going to Australia from Malaysia and vice versa, all of which were positive and augured well for the strengthening of ties.

On the number of Malaysians emigrating to Australia, Reith replied that it had reduced in recent years.

"It can be due to the recession. The economy in Malaysia has been very strong and employment prospects here have been good."

Defense Minister Offers Troops for Cambodia

BK1407073292 Kuala Lumpur Voice of Malaysia in English 0600 GMT 14 Jul 92

[Text] Malaysia has offered to send its troops currently on a peacekeeping mission in Cambodia to Khmer Rouge strongholds. Defense Minister Datuk Sri Mohamed Najib bin Tun Haji Abdul Razak said he had made the offer to Khmer Rouge leader Khieu Samphan to facilitate smooth implementation of the second phase of the Paris peace accords. They met in Phnom Penh during Datuk Sri Najib's official visit to Cambodia last week. Malaysia was willing to send troops to Khmer Rouge areas if Samphan was unhappy with the possibility of others being sent there. The consequences of the failure of the UN-brokered peace accords will be quite disastrous for the future of Cambodia.

Editorial Urges Khmer Rouge To Work for Peace

BK1107110092 Kuala Lumpur UTUSAN MALAYSIA in Malay 18 Jun 92 p 6

[Editorial: "Cambodia Faces Another Upheaval"]

[Text] The peace efforts by UNTAC [the United Nations Transitional Authority in Cambodia] ran into difficulty when Khmer Rouge forces launched their third attack against the Phnom Penh government troops. Fierce clashes were reported to have taken place in several villages in Cambodia yesterday when government troops tried to retake those villages from the hands of the Khmer Rouge. The clashes are attributed to the Khmer Rouge refusal to surrender their weapons as stipulated in the second phase of the Paris peace accord signed by all Cambodian warring factions.

In this connection, the Khmer Rouge refusal is seen as violating the peace accord signed in Paris last October. The Khmer Rouge believe that surrendering weapons will weaken their influence and power base in the next phase of peace talks mediated by UNTAC.

It is feared that the civil war in Cambodia will resume as long as weapons are still freely available among the warring factions. In the last civil war the Khmer Rouge received a steady supply of weapons from the PRC and Thailand and this led to the loss of millions of civilian lives due to their brutality.

Up to now, Khmer Rouge power has come from the barrel of a gun and Khmer Rouge leaders are undoubtedly fearful that any surrendering of weapons will weaken their position in a new political scenario formulated by the United Nations.

Such concern is justified because the international community continues to condemn the Khmer Rouge massacre of 2.5 million Cambodian civilians in the 8-year-old civil war. Despite their presence in the UN-initiated peace talks, Khmer Rouge leaders still harbor suspicions of Prince Sihanouk whereas the two other factions have fully supported the interim government under Prince Sihanouk.

Political observers are worried that peace efforts stipulated by the Paris accord cannot be completed in time if the Khmer Rouge continue to show their defiance and derail the UN-initiated peace plan. Another worry is that the Khmer Rouge's attacks will also be directed against the UN peacekeeping force. If the Khmer Rouge do not respect the UN peacekeeping force, it means they really want to undermine UN peace efforts.

It is hoped, however, that the meeting in Bangkok between Thai Foreign Minister Asa Sarasin and Khmer Rouge leader Khieu Samphan will help return calm to Cambodia. The Khmer Rouge leaders and soldiers must understand that this is the only chance for them to create a democratic country by complying with the Paris peace accord. Military means are not a wise and effective way to prevent more tragedy and destruction in Cambodia.

New Yugoslavia's NAM Chairmanship Opposed

BK1407034292 Kuala Lumpur BERNAMA in English 0305 GMT 14 Jul 92

[Text] Kuala Lumpur, July 14 (OANA-BERNAMA)—Malaysia will not recognise the automatic succession of the Federal Republic of Yugoslavia to the seat previously held by the Socialist Federal Republic of Yugoslavia in the Nonaligned Movement (NAM).

A Foreign Affairs Ministry statement said the decision was in line with the recent decision reached at the fifth extraordinary session of the Organisation of Islamic Conference (OIC) held in Istanbul from June 17 to 18.

Besides, Malaysia also objected to the country's aggression against Bosnia-Hercegovina, it added.

The new republic made up of Serbia and Montenegro could not, therefore, continue as chairman of the movement, the statement said.

Malaysia would raise the matter before the Nonaligned Coordinating Bureau in New York, it added.

Commentary Views Rising Intra-ASEAN Trade

BK1007114192 Kuala Lumpur Voice of Malaysia in English 0800 GMT 10 Jul 92

[Station commentary]

[Text] The ninth ASEAN banking conference being held in Kuala Lumpur this week was told that intra-ASEAN trade had shown a marked improvement, rising from US$ 28 billion in 1983 to US$ 50 billion in 1990.

This is a clear indication of the ASEAN countries becoming more closely bound through greater trade and economic cooperation. Integrity is an utmost necessity as we witness the emergence of trading blocs, especially in Europe through its Single Market, and North America, through their exclusive free trade area or NAFTA.

We are not as yet absolutely certain of how those trading blocs will affect the countries in this region. But they are having signs of restricting the accessibility of developing countries' products into those markets, erecting trade barriers, and worst of all, linking environmental issues to trade and [word indistinct]. This can be viewed as dangerous signals looming on the horizon for newly industrializing countries, especially those of ASEAN, which are adopting an open-market system.

ASEAN and other East Asian countries are already enjoying the fruits of greater trade cooperation. ASEAN has wisely chosen the path directed towards the creation of the ASEAN Free Trade Area or AFTA, which was endorsed by the fourth ASEAN Summit in January.

It has identified 15 product groups for inclusion in the Common Effective Preferential Tariffs, or CEPT, which is the main mechanism for acheiving AFTA within a 15-year period or hopefully less. CEPT will work towards the progressive reduction of tariffs on the 15 products to attain a range of between zero and five percent by around the year 2005.

AFTA would indeed be set in the right direction if the individual economies of ASEAN countries are [words indistinct] to develop significantly in the long term. The SEACAN [Southeast Asian Central Banks Association] is by far the most important commitment of ASEAN towards greater intra-regional economic cooperation. ASEAN cannot afford to [words indistinct]. This month the six ASEAN member states will be submitting detailed proposals to be incorportaed into the CEPT program it can take off on schedule on on 1st January next year.

This means that each ASEAN country must determine its own competitiveness and comparative advantage in each of the [words indistinct] involved under CEPT. At the same time the industries concerned must streamline their operations both in production capacity and in the acquisition of new and advanced technology to prepare for a more open regional trading system. If the Intra-ASEAN network, particularly in the industrial sector, can be effectively set in motion, ASEAN can and will survive the challenges of the post-caucus Europe and NAFTA era. There are still doubts as to whether those trading blocs can become completely protectionist. It will be the consumers who will have their final say in the choice of goods, whether from developed or developing countries.

AFTA can become a dynamic movement through which ASEAN's economy will benefit first from regional free trade besides moving towards whole integration in the global trading system.

Singapore

Six Dead, 68 Injured in Tanker Fire at Harbor

BK1207114892 Singapore Singapore Broadcasting Corporation in English 1100 GMT 12 Jul 92

[Text] Six people have died in a fire disaster aboard a chemical tanker in Sembawang shipyard. Five of them died in the vessel when it caught fire this morning. The other victim died in hospital. The dead were three Singaporeans and three foreign nationals.

Police said the number of people injured has reached 68. Forty-three of them are still in hospital and 17 have been discharged. Those hospitalized are being treated for burns of varying degrees, smoke inhalation or other [word indistinct].

More than 200 workers were aboard the Liberian-registered coaster carrying out repairs when the fire broke out. It was put out half-an-hour after it started. One hundred police officers and seventy from the civil defense force were involved in the rescue operation.

An MP for Sembawang GRC [Group Representative Council] Dr. Tony Tan was at the scene of the disaster.

The shipyard's general manager of business, Mr. Jerry Koh, said an inquiry panel will be set up which will have the Labor Ministry officials as representatives. The cause of the fire is still being investigated. It is the first major disaster of a shipyard in Singapore this year [word indistinct].

Drug Suspect Arrested With Over 13 Kg of Heroin

BK1007052692 Singapore THE STRAITS TIMES in English 9 Jul 92 p 1

[By Kwan Chooi Tow]

[Text] A suspected drug trafficker, who escaped arrest in Singapore's biggest drug bust recently, was nabbed with more than 13 kg of heroin by police reservist officers on Tuesday.

The seizure of the $5.4 million [Singapore dollars] worth of heroin is the largest haul from a single person this year, said police.

Sources said the suspect, 36 and unemployed, is from the syndicate cracked by the Central Narcotics Bureau (CNB) in late May.

In the 40-hour operation, 34 people were arrested and 8 kg of heroin was seized.

In yesterday's seizure, the suspect and another man were seen behaving suspiciously by three police reservist officers in a Boon Lay Drive carpark at about 2.30 pm.

They followed the suspect to a 10th floor flat at Block 188, Boon Lay Drive, said Commander Ng Seng Liang of Jurong Police Division Headquarters at a press conference announcing the arrest and seizure yesterday.

From the doorway, the three police reservist officers, Special Constable Oh Tiong Beng, Vigilante Corpsmen Bohari Mahat and Low Swee Hua, saw the suspect transferring something from the sports bag to a cupboard.

When confronted by the officers, he pushed them aside and ran down the stairs, before jumping from a first storey landing in desperation.

He landed unhurt and was caught after a violent struggle, said Mr. Ng.

Police said 164 packets of heroin weighing 13.39 kg were found in a cupboard in the room, which the suspect had rented from the flat owner recently.

Mr Ng said that police are looking for the second man, also believed to be from the same syndicate, who was seen taking a sports bag from his car and handing it to the suspect.

The second suspect had been questioned by one of the reservist police officers at the scene minutes before the discovery of the heroin, but was released as nothing incriminating was found on him, said Mr. Ng.

The arrested man's landlord, who wanted to be known only as Mr. Chen, said he had rented the room to the man for $300 [Singapore dollars] a month from July 1.

Mr. Chen said: "We have seen him only three times since then.

"He does not stay in the flat and keeps his things in a locked cupboard which he moved here.

"He said he was in the stockbroking business."

Cambodia

Khmer Rouge Accepts Cantonment in 4-Week Process

BK1407082092 Hong Kong AFP in English 0818 GMT 14 Jul 92

[Text] Bangkok, July 14 (AFP)—The Khmer Rouge announced Tuesday it accepted that its forces be regrouped gradually in United Nations-controlled holding areas as the Phnom Penh regime is being dismantled.

In a statement issued here, Cambodia's strongest anti-government guerrilla force said it would accept the "regroupment and cantonment" of its forces in a four-week process.

The first 10 per cent of its force is to be regrouped during the first week after Phnom Penh's ministers and vice ministers of defence and public security step down, the faction said.

During the second week another 20 per cent will be regrouped after the foreign affairs and finance ministers and vice ministers go, and an extra 30 per cent in the third week following the stepping down of the minister and vice ministers of information.

The last 40 per cent of the Khmer Rouge force is to be regrouped during the fourth week after Phnom Penh's president, prime minister, National Assembly speaker and remaining ministers step down, the statement said.

Further on Khmer Rouge Troop Cantonment

BK1407114892 Hong Kong AFP in English 1059 GMT 14 Jul 92

[By Charles-Antoine de Nerciat]

[Excerpt] Bangkok, July 14 (AFP)—Cambodia's Khmer Rouge announced Tuesday they would disarm and put their entire guerrilla force in UN-controlled holding areas in four weeks, provided the Phnom Penh leadership was also dismantled at the same time.

The offer is an apparent bid to defuse international pressure against the radical Marxist group, which has so far blocked Cambodia's peace process by refusing to go along with a UN programme launched June 12 to demobilise and disarm 70 percent of the country's rival forces.

Until now the Khmer Rouge, the strongest of the guerrilla factions which fought Phnom Penh's Vietnam-installed government in a civil war which formally ended with the sigining of the Paris peace treaty last October, had demanded that the government be dissolved prior to the cantonment of its troops.

The faction's hardline stance had led to accusations that it wanted to destroy the peace process, and Western countries, led by France, have considered taking sanctions against them.

Diplomats familiar with developments in Cambodia said the latest Khmer Rouge offer looked like an attempt to stymie possible sanctions by suggesting a "reasonable" way of breaking the impasse.

In their statement issued here, the Khmer Rouge said they would accept the "regroupment and cantonment" of all their forces in a four-week process during which all the leaders of the Phnom Penh regime should also step down.

By offering to accept that its entire force be disarmed the Khmer Rouge are going beyond the UN requirement and therefore seemingly putting themselves in a position where they could make a concession, diplomats said.

"By presenting what looks like such a reasonable proposal the Khmer Rouge are trying to defuse growing international pressures against them," one diplomat said.

Their new proposal, he explained, would make it extremely difficult for countries like China and Thailand, the faction's main allies, to support a push for UN sanctions.

Under the Khmer Rouge scheme, the first 10 percent of the Khmer Rouge forces would come under UN control during the first week after Phnom Penh's ministers and vice ministers of defence and public security step down.

During the second week another 20 percent would be regrouped after the foreign affairs and finance ministers and vice ministers go, followed by 30 percent in the third week after the stepping down of the minister and vice ministers of information.

The remaining Khmer Rouge force would hand over its weapons during the fourth week after the Phnom Penh president, prime minister, National Assembly speaker and remaining ministers step down, the statement said.

"Along with those measures, it is necessary that within the Cambodia parties, consultative committees of the SNC be set up," the Khmer Rouge said.

The SNC or Supreme National Council was formed under the Paris accord with representatives of Cambodia's rival factions as a reconciliation body headed by Prince Norodom Sihanouk.

In keeping with the peace treaty, the SNC is to lead Cambodia to free and fair elections in mid-1993 [in] conjunction with the UN Transitional Authority in Cambodia (UNTAC).

The Khmer Rouge statement, dated July 12, made no mention of the other pretext which the faction had invoked to refuse the UN demobilisation scheme —the alleged presence of Vietnamese troops in Cambodia.

It is unclear if the Khmer Rouge plan has been formally presented to the UN peacekeeping force in Cambodia headed by Yasushi Akashi. [passage omitted]

Gains in Khmer Rouge's Political Strategy Viewed

BK1107010992 Bangkok BANGKOK POST in English 11 Jul 92 p 5

["Cambodian Diary" by Jacques Bekaert]

[Text] The Party of Democratic Kampuchea is gaining political ground all over the country, according to several reliable sources based in Cambodia. The present strategy of the Khmer Rouge—making a constant attack on the "Vietnamisation" of Cambodia and calling for the dismantling of the Phnom Penh government as part of the "de-Vietnamisation" of the country—appears to be working.

While in Phnom Penh a few months ago, I was somewhat surprised to hear a political remark from a Cambodian friend who lost several members of his family under Khmer Rouge rule. "I now wish the Khmer Rouge would participate in the governing of the country because otherwise there would be nobody to protect us against Vietnam and foreign economic invasion," he said.

Today, sources said, such reasoning is frequently heard in the capital.

Are the Cambodians falling in love with the people who 15 years ago were ready to destroy the nation in order to save it?

No, not really. But there is growing disillusion with other factions, especially with the ruling People's Party of Cambodia and the government.

I think the Khmer Rouge leadership is very well informed of the true feelings of the majority of the population. It is well aware of the existing suspicions over the presence of hundreds of thousands of Vietnamese settlers and the facility with Vietnamese travel across the border. I believe that Vietnam no longer has any "colonial" dreams over Cambodia. But Hanoi has little control over the movement of its own population.

To many Vietnamese, Cambodia is still an irresistible proposition. A land of opportunity. Border control or no border control, who cares! For every checkpoint there are dozens of other routes to cross the border. The sudden departure of all Vietnamese from Cambodia would probably lead to a minor economic catastrophe for both countries. For Vietnam because it is already hard pressed to find new jobs for its growing population, and for Cambodia because skilled Vietnamese labour is an essential part of the fragile economic infrastructure.

Nevertheless, suspicion does exist, and prejudices born of disastrous experiences of the past centuries mean that anyone hammering the Vietnamese nail is hitting a winning spot in Cambodia. The Khmer Rouge are experts at this game, and it pays. But where are these mysterious Vietnamese troops?

The military branch of UNTAC [UN Transitional Authority on Cambodia] is certainly willing to check the countryside if provided with reliable information concerning alleged foreign troop movements. A Khmer source—not a Khmer Rouge, far from it—told us recently: "We have to make a difference between Vietnamese soldiers and Vietnamese troops. The former are in uniform and they are not in Cambodia. The latter are dressed either as members of the Cambodian People's Army or live as civilians."

That indeed would be hard to check. One fact is certain: A growing number of Vietnamese settlers are arming themselves. Not to fight for a greater Vietnam, or for Hanoi's version of socialism. Certainly not. They merely want to protect their life and that of their family. They probably remember that it is not just the Khmer Rouge who do not like them. That it was the Republic of Lon Nol, the most pro-Western of all Cambodian regimes, which encouraged the massacre of thousands of Vietnamese civilians in the early Seventies. But I am sure that when a Cambodian sees a Vietnamese with a gun he will think of the mysterious underground Vietnamese military presence in Cambodia.

In any case, the success of a political campaign is rarely based on objective facts. The Khmer Rouge know what they are doing, and they keep attacking the Vietnamese presence in Cambodia.

The Khmer Rouge's political success is partly due to the declining popularity of the ruling party, according to Cambodian sources.

In the eyes of many Cambodians, the Phnom Penh regime's image is always tainted by the initial support it received from Vietnam. To many Khmers, this is an original sin. Very few Khmers are willing to believe me if I tell them that Hanoi, while certainly worried about Pol Pot, does not feel comfortable with Mr Chea Sim either. Hanoi does not pull many strings now in Cambodia.

The Phnom Penh regime could redeem itself by working to improve the well-being of the population. But few Cambodians are ready to believe that will happen. They remember the days, not so long ago, when political education was more important than letting doctors attend the sick. A growing number of honest PPC [Cambodian People's Party] members are appalled at the greed, corruption and lack of social concern of many leaders.

Every time a citizen is forced out of his or her house, every time a peasant woman is raped by soldiers of the Cambodian People's Armed Forces, every time buffaloes are stolen, the Khmer Rouge win hearts and minds. They know they can afford to ask for the dismantling of the Phnom Penh government. It is a popular demand. One can argue that the Paris agreement gives considerable power to the Supreme National Council, and not to the Phnom Penh government. But such reasoning, which is perfectly valid, is of no great concern to the majority of the Cambodian population.

Some people may agree with the Khmer Rouge that the Phnom Penh administration must be "depoliticised" in order to ensure a free and fair election, but the Khmer Rouge administration itself is hardly neutral.

The peace process remains vital to the future of the country. But a lot of Cambodians are discovering that the United Nations, no matter how well meaning, has no mandate to protect them against the arbitrary behaviour of so many people in power. If they have little respect and love for the Phnom Penh regime, the Khmers are also beginning to lose faith in the UNTAC.

Unfair? Maybe, because UNTAC's mandate is already an impossible one. But life has hardly been fair to the majority of the Cambodians during the past 25 years.

Son Sann Explains Stand at 8 Jul SNC Meeting

BK1407072592 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 14 Jul 92

[Text] His Excellency Son Sann, president of the Khmer People's National Liberation Front, chairman of the Buddhist Liberal Democratic Party, and member of Cambodia's Supreme National Council [SNC], recently granted an interview to a representative of the Voice of the Khmer in Phnom Penh. He said that during the 8 July SNC meeting he proposed that verification of the withdrawal of Vietnamese forces from Cambodia and adherence to the second phase of the peace plan should be carried out simultaneously. During that SNC meeting, H.E. Son Sann urged UNTAC [UN Transitional Authority in Cambodia] to verify that all illegal Vietnamese forces have been withdrawn from Cambodia. He said it would be an injustice if the Vietnamese were given the right to vote and overseas Cambodians, who fled the country because of the Vietnamese aggression, were not. He did not agree with the criterion of the electoral law, which requires that overseas Cambodians must register in person in Cambodia, and stressed that it would not be possible for them to comply with that requirement.

H.E. Son Sann demanded that the problem about the Cambodian-Vietnamese border—the latter having been moved into Cambodian territory in both inland and coastal areas—be settled before the elections. Concerning the question about respect for the Cambodian peace accord, H.E. Son Sann appealed to the Cambodian factions to agree to disarm and asked for the verification of the Vietnamese forces's withdrawal from Cambodia at the same time so that true peace can return to Cambodia as soon as possible.

During that SNC meeting H.E. Son Sann also proposed that a foreign aid committee be set up to oversee aid usage so that foreign aid to Cambodia is correctly spent and actually reaches the people, because so far it has been widely misused.

6 Jul Khmer Rouge Military Activities Outlined

BK1407054392 Phnom Penh SPK in French 0409 GMT 14 Jul 92

[Text] Phnom Penh 14 Jul (SPK)—Five passengers were killed on 6 July in a Khmer Rouge attack on a public transport vehicle in Kbal Damrei Commune, Sambo District, Kratie Province, north of Phnom Penh, according to the Commission for Military Coordination with the UN Transitional Authority in Cambodia.

The source added that five other passengers were wounded—excluding many persons who were reported missing—and that on the same day four Polpotists attacked another vehicle in a sector between the provincial seat and Siempang District and took away 500,000 riels [Cambodian currency].

Furthermore, on the same day at 1200, local time, a group of Khmer Rouge from Division 802 attacked a government position in Kon K'ek hamlet, Kompong Svay District, Kompong Thom Province, killing one and wounding two, according to the same source.

KPNLF Suggests Ways To Solve Impasse

BK1107144392 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 11 Jul 92

[Editorial of the Khmer People's National Liberation Front's, KPNLF, 27 June bulletin entitled: "What Are the Ways To Solve the Present Problem in Cambodia?]

[Text] In the wake of the Khmer Rouge of Democratic Kampuchea's [DK] adamant attitude in refusing to execute the second phase of the cease-fire, the implementation of the peace accord is at a stalemate. Both the Cambodian people and international community have expressed grave concern for peace in our country. So, what should be done to solve the current crises?

The DK Khmer Rouge is a party, which has, at every meeting, demanded that all the parties accept the accord formed by the permanent members of the UN Security Council. The signing of the accord on 23 October 1991 in Paris is a collective victory for the international community and all Cambodian parties, especially the three resistance groups. Although the Phnom Penh and Vietnamese parties persistently tried to modify the accord before it was signed, the international conference ultimately did not heed their proposals. Before the application of the accord, all the Cambodian parties had resolved to abide by and to execute the accord 100 percent. And for its implementation, the Supreme National Council [SNC] and the UN Transitional Authority in Cambodia [UNTAC] as well as administrations of the Khmer People's National Liberation Front [KPNLF], National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC], DK, and the State of Cambodia [SOC] are needed. If the Cambodian parties had the intention to respect the accord, they would not have allowed their governments to continue operating. They, however, can proceed with their respective administrations within this spirit.

For its part, the resistance movement immediately halted the functions of the National Government of Cambodia, the coalition tripartite government, as it believes the SNC is the sole and supreme state body during the whole transition period. Nevertheless, although the National Government of Cambodia ended its duty on 23 October 1991 when the Paris peace accord was signed, this does not mean that the tripartite government has been dissolved. Each party's institutions are supposed to continue with their normal activities in areas under their respective control in the areas of administration, police, the judiciary, health, the economy, and national education, and so on. So we, the resistance movement, want to see the SOC side implement the accord as we have done, meaning the SOC Government should cease to exist. But, the SOC's institutions, offices, and departments are still able to continue their tasks within the framework of the Paris accord.

Normally, the administrations of the four factions—the KPNLF, FUNCINPEC, DK, and SOC—should stop receiving orders from their respective political parties. They should, in the performance of their tasks, only accept orders or advice from the SNC and UNTAC. Only by doing so can the political climate in the country be neutral.

So far, everyone acknowledges that a neutral political environment does not exist in our country. By all appearances, there has been increasing cases of intimidation by the ruling party or its officials. Members of the other political parties, which are placed under the authority of the ruling party, have been subject to frequent harassment or removed from their positions. Our party members who are teachers, professors, or civilian or in the military working under the SOC's authority have been sacked, threatened, or arrested on the charge of betraying the people's party or being the enemy of the party. Meanwhile, senior leaders of the SOC and the people's party have announced that they respect human rights and freedom and a liberal democratic multiparty system. If they really respect the multiparty system, presidents, chiefs, or ordinary employees at the various SOC departments should be free to enroll as a member of our party or any other party without any retaliation. Likewise, officials at all levels from our side are completely free to become members of the people's party or any other party.

To create a neutral political environment, the SNC and UNTAC should be empowered to give orders and to remove or transfer the staff of the four administrations, according to the procedures of the accord. Also, the four administrations should no longer be placed under the authority of any party as before. This is the first step towards solving the current crises.

Another issue that frustrated the application of the accord is the presence of the Vietnamese in Cambodia. This issue has been repeatedly raised in our bulletin while the Vietnamese Embassy has made denials through the SOC's radio and television, saying that the Vietnamese have been already withdrawn from Cambodia since September 1985. Actually, a growing number of the Vietnamese are being seen in Cambodia as civilians. Some hold Cambodian identity cards and work in the SOC's army, offices, or departments while others are workers, construction workers, sewing machinists, photographers, mechanics, coffee shop owners, dance hall owners, restaurant owners, fishermen, small or big merchants, or prostitutes, and so on.

The presence of countless Vietnamese have created a crises in Cambodian society, specifically when troops are being demobilized. Former Cambodian soldiers, who need jobs to earn a living, will face obstacles because all the professions have already been taken by the Vietnamese. The KPNLF party has raised this issue at every SNC meeting. It has proposed that the issue of Vietnamese citizens be seriously tackled and that necessary measures be taken to differentiate Vietnamese workers from hidden Vietnamese soldiers or terrorists. This is to make the Vietnamese understand that they are not the owners of the country and that they have to abide by Cambodia's regulations.

We still believe that Vietnamese troops are continuing to implant themselves among Vietnamese civilians. Our definite stance is that Vietnamese troops and citizens who have entered our country illegally must leave our territory.

The measures we have proposed at SNC meetings are designed to solve the present crises. Our side's stance is different from the Khmer Rouge's position since we have agreed to respect the UNTAC in the course of the accord's implementation and we have also suggested ways to help them succeed in their mission. As for the party of Democratic Kampuchea, it has adamantly refused to carry out these measures worked out by UNTAC.

As always, we believe that our country's considerable interest is peace, and peace can only emerge if the accord is meticulously respected. In this context, the UNTAC's mission is vitally important for peace and development of our country. It is not right to create obstacles for them since their victory is also our success, the success of the entire Cambodian people. This success represents the victory of peace over war or victory of development over national destruction.

Once again, we wish to appeal to all the parties to meticulously respect the Paris accord and to fully cooperate with UNTAC. This is the only way to bring about peace and happiness to our nation.

KPNLF Urges Close Cooperation With UNTAC

BK1407100392 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 14 Jul 92

[Editorial from 11 July bulletin of Khmer People's National Liberation Front, KPNLF: "Peace or War?"]

[Text] The peace accord once again ran into an obstacle when the Khmer Rouge refused to take part in the second phase of the cease-fire. This has put the implementation of the peace accord into doubt. The new situation in Cambodia now stems from the possibility that peace might happen or the war might break out again.

The international community has paid special attention to the fate of the Cambodian people, who have suffered for more than 20 years. Following hard and long bargaining, an international conference was finally organized in Paris in July 1989 and achieved definitive success on 23 October 1991 when the long-awaited peace accord was signed. The accord implementation began with the dispatches to Cambodia of UN troops and civilian personnel known as UNTAC [UN Transitional Authority in Cambodia].

The international community has resolved to provide a means worth nearly U.S.$6 million daily for UNTAC to keep peace in Cambodia. Currently, there are about 14,000 UNTAC troops and civilian personnel are also being deployed in various provinces. UNTAC has so far sent provincial governor-level personnel to 20 provinces. Police forces will also be deployed in different regions of the countryside in the near future. The generosity of the international community toward the Cambodian people was once again demonstrated on 22 June in Tokyo. For the reconstruction of Cambodia, the United Nations had asked for an aid worth U.S.$600 million only, but the Tokyo conference decided to grant as much as $800 million to Cambodia. This shows the great concerns of the international community to help Cambodia rebuild its happiness and prosperity like the other nations.

The implementation of this accord, indeed, needs the cooperation of the United Nations and other countries. But the Cambodian factions, before anyone else, have the duty to bring about peace for our Cambodian people. The implementation of the accord is aimed both at verifying the presence of foreign forces in Cambodia and realizing reconciliation among all Cambodian factions in order to create a neutral political ambience to enable the Cambodian people to exercise their right to self-determination, that is, to hold a correct and free election in 1993. If we Cambodians do not pay any attention to the implementation of this accord, we should not expect the international community to remain tirelessly committed to helping Cambodia forever. On the contrary, if we Cambodians endlessly keep creating obstacles to the implementation, the international community will surely get fed up and stop helping us because there are many other problems in the world that need urgent solutions and billions of dollars. Therefore, if they fail to correctly implement the accord, the Cambodian factions will be the ones fully responsible. The international community is not to be blamed. And the direct victims of the failure in the accord implementation, the main losers in the withdrawal of the international aid will be none other than our innocent compatriots—the farmers, peasants, petty functionaries, and students whose only fault is wishing to live in peace in Cambodia.

Concerning the verification of foreign forces, all Cambodian factions should closely cooperate with UNTAC in carrying out its duties. They should not create any obstacle that would impede the peace-building process. There is a Cambodian faction that directly benefits from the application of a foreign country's policy permitting its people to come and live in Cambodia or to conduct military, intelligence, or terrorist operations. These takers of the aliens' orders should be brave enough to take concrete measures so that we Cambodians will become the masters of our own country again. Only then will they be known as having cooperated in implementing the accord to an important extent and in the interest of the Cambodian people as a whole. Besides, the ruling faction should strive to create a neutral political ambience by ceasing to abuse and intimidate the people or its subbordinates, giving them instead full freedom to conduct all kinds of peaceful political activities within the purview of all fundamental human rights.

As for the Khmer Rouge of Democratic Kampuchea responsible for the misrule of three years eight months and 20 days—from 17 April 1975 to 7 January 1979—they also must also act to enable the Cambodian people to see that they sincerely want peace in Cambodia and truly wish for the prosperity of the country by closely cooperating with UNTAC in implementing the accord. They must not create any obstacle to impede the peace process. They can discuss anything with UNTAC any time they wish, for UNTAC has only recently started its operations. The Khmer Rouge of Democratic Kampuchea should show the people and assure them that they have no intention of seizing power, that their activities are merely to help the Cambodian people recover their full sovereignty, and that they will hand rights and freedom back to the Cambodian people.

At the present, the Cambodian people's interest in peace is a peace that stems from the implementation of the accord. Therefore, it is understandable that the Cambodian people do not wish to see war continue in Cambodia. They want to live freely in peace. Once more, we would like to appeal to all Cambodian factions that have always claimed to cherish the nation and the people to please show in concrete actions their nation-and people-serving pledges.

The Cambodian problem can be settled peacefully with the assistance of the international community. If the Cambodian factions create an obstacle to the United Nations, the international community will surely be fed up and stop helping us. Without the assistance of the international community, our country will be plunged into the devastating war forever. What do we want to have, peace or war?

Chea Sim in PRC, Discusses Implementing Accord

BK1307135192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 13 Jul 92

[Text] In its visit to the PRC on 12 July, the top delegation of the State of Cambodia [SOC] headed by His Excellency Chea Sim, chairman of the Cambodian People's Party [CPP], of the National Assembly, and of the Kampuchea United Front for National Construction and Defense [KUFNCD] National Council, held separate talks with H.E. Qian Qichen, member of the Chinese State Council and minister of foreign affairs, and H.E. Li Peng, prime minister of the PRC. In the talks, H.E. Chea Sim deeply thanked the PRC Government for the warm reception of his delegation. He expressed great delight at the PRC's achievements, particularly in the liberalization policy adopted by the Chinese party and government. He also briefed the Chinese leaders on the latest developments in the Cambodian situation in implementing the Paris peace accord. He stressed that the SOC faction has implemented the accord most scrupulously and is creating favorable fundamental conditions for its further implementation, such as by sincerely creating conditions for the glorious national reconciliation mission of His Royal Highness Prince Norodom Sihanouk, father of the nation, head of state, chairman of the Supreme National Council, and father of national reconciliation.

H.E. Chea Sim also informed the top Chinese leaders of a number of difficulties encountered as a certain faction has not clearly shown its readiness to join other factions in implementing the accord. H.E. Chea Sim stressed that this has threatened the peace process in Cambodia and runs counter to the wishes and desires of the Cambodian people. In this context, H.E. Chea Sim also expressed his optimism and confidence that UNTAC [UN Transitional Authority in Cambodia], the five major countries, including the PRC, and the international community will double their efforts to help eliminate the existing obstacles and difficulties.

On Sino-Cambodian relations, H.E. the chairman talked about the time-honored traditional contacts between the Cambodian and Chinese peoples. He also highly appreciated great China's sincere attitude in wanting to see real peace and stability return to Cambodia. H.E. Chea Sim deeply thanked the PRC Government for actively contributing to the peace process in Cambodia and for sending its engineer corps to take part in UNTAC's operations. He said he hopes great China will play an even more important role in promoting peace in Cambodia.

The Chinese leaders welcomed H.E. Chea Sim's friendly views and noted that, thanks to the efforts of all Cambodian factions, the implementation of the Paris accord is progressing despite some difficulties. The top Chinese leaders also stressed that China will do everything to contribute to the successful implementation of the accord. They added that the Chinese Government will not support any faction that does not implement the accord, and that it highly values the 23 October 1991 Paris peace accord. They further emphasized that the Chinese Government supports all Cambodian factions that implement the accord. They also said that the second phase of the cease-fire is the key to the implementation of the Paris accord, and expressed confidence that all Cambodian factions will succeed in settling the current problems and move toward agreeing with one another and achieving national reconciliation, which is the aspiration of the entire people.

H.E. Chea Sim affirmed that the current difficulties are a problem between a faction and UNTAC and the international community. This is because that faction has behaved and is behaving in a way contrary to the Paris accord.

The top leadership of the PRC Government recalled the traditional bonds of friendship between the Chinese and Cambodian nations and peoples, and stressed that the difficulties that once plagued their bilateral relationship have become things of the past with the signing of the Paris peace treaty.

The talks proceeded in a very friendly and frank atmosphere. On the same evening H.E. Qian Qichen hosted a reception in honor of our top delegation.

It is to be noted that besides visiting Beijing and the Great Wall, the SOC delegation headed by H.E. Chea Sim, chairman of the CPP, of the National Assembly, and of the KUFNCD National Council, also toured Shanghai. There he held talks with Mrs. Xie Lijuan, vice mayor of the Shanghai Municipal People's Government, and visited a number of industrial and agricultural centers in Shanghai.

After completing his visit to the PRC on the morning of 13 July, the top delegation of the SOC headed by H.E. Chea Sim left Beijing by a special Air Cambodia plane and arrived in Phnom Penh in the afternoon. Greeting them at Pochentong Airport were H.E. Hun Sen, vice chairman of the CPP Central Committee and chairman of the Council of Ministers of the SOC, together with other Standing Committee members of the CPP Central Committee, such as H.E. Sar Kheng, vice chairman of the Council of Ministers and minister of the interiod; H.E. Say Chhum, standing vice chairman of the Council of Ministers; H.E. General Tie Banh, vice chairman of the Council of Ministers and minister of national defense; H.E. Nguon Nhel, minister of agriculture; Mrs. Men Sam-an, chairman of the Federation of Cambodian Trade Unions; H.E. Ney Pena, vice chairman of the Control Commission of the CPP Central Committee; H.E. Gen. Pol Saroeun, deputy minister of national defense and chief of the General Staff of the Cambodian People's Armed Forces [CPAF]; and H.E. Gen. Ke Kimyan, first deputy minister of national defense and chief of the General Political Department of the CPAF. Also present were Prince Norodom Chakkrapong, vice chairman of the Council of Ministers of the SOC, and many members of the CPP Central Committee, ministers, deputy ministers, department chiefs and deputy chiefs of various ministries and offices, as well as a large number of other officials and personalities.

H.E. Fu Xuezhang, representative of the diplomatic mission of the PRC, and the representative of the Embassy of the People's Democratic Republic of Korea to Cambodia, were also on hand to welcome the delegation.

Addressing local and foreign journalists at Pochentong Airport, H.E. Chea Sim stressed that his visits to Korea and China were successful in terms of enhancing mutual understanding. He added that during the visit he discussed the search for peace in Cambodia so that all Cambodian factions will fully respect and implement the Paris peace accord.

Hun Sen Receives Canadian Defense Official

BK1407041592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 13 Jul 92

[Summary from poor reception] His Excellency [H.E.] Hun Sen, chairman of the State of Cambodia's Council of Ministers and member of the Cambodian Supreme National Council, received on 12 July Mary Collins, Canada's associate minister of national defense, who is on a visit to Cambodia.

On behalf of the Cambodian people, H.E. Hun Sen thanked the Canadian Government and people for their assistance. Hun Sen talked about the Khmer Rouge's unreasonable demands which are hindering the implementation of the Cambodian peace agreement. He said it is time the UN Security Council adopted a resolution imposing sanctions against the Khmer Rouge.

Sihanouk Meets Canadian Delegation

BK1407055992 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 14 Jul 92

[Text] His Royal Highness [HRH] Prince Norodom Sihanouk, Cambodia's head of state and chairman of the Cambodian Supreme National Council, received a delegation from the Canadian National Defense Ministry led by Mary Collins, associate minister of national defense, during a courtesy call on 12 July at 1700 at Khemarin Palace.

Mary Collins was cordially and most warmly welcomed by HRH Prince Norodom Sihanouk. The talks focused on major issues relating to new developments in the Cambodian situation. The prince said that the implementation of the Paris agreement on Cambodia is facing complex difficulties, which demand a solution so that stability can be restored to the Cambodian peace process. The prince, as head of state, also expressed his joy at the visit by Mary Collins to Cambodia, considering it as a contribution to the development of relations between Cambodia and Canada.

HRH Prince Norodom Sihanouk profoundly thanked and welcomed Canadian troops taking part in the peacekeeping forces in Cambodia.

Vice Premier Receives North Korean Vice Minister

BK1407033392 Phnom Penh SPK in French 1121 GMT 13 Jul 92

[Text] Phnom Penh 13 Jul (SPK)—"The State of Cambodia firmly supports the Nonaligned Movement (NAM) and will do all it can to promote its role and development," affirmed Prince Chakkrapong, vice chairman of the State of Cambodia's Council of Ministers on 10 July. He received Choe Su-hon, North Korean Vice Minister of Foreign Affairs, in Phnom Penh.

"Prince Norodom Sihanouk will attend the NAM summit to be held in Jakarta next September," stressed the Cambodian vice premier, who briefed his guest on the implementation of the second phase of the Paris peace plan, which is facing difficulties following the refusal by the Khmer Rouge to take part in it.

He also praised the good progress in the relations of friendship and solidarity between the two countries and pledged to strengthen them.

The North Korean vice minister said that the DPRK unreservedly supports the national reconciliation policy of Prince Norodom Sihanouk, Cambodia's head of state and chairman of the Supreme National Council, especially his proposals recently put forward at the conference in Tokyo on Cambodia's rehabilitation and construction.

The North Korean delegation left Phnom Penh on [number indistinct] July.

Indonesia

Japan's Apology on 'Comfort Women' Welcomed

BK1307160292 Hong Kong AFP in English 1002 GMT 13 Jul 92

[Text] Jakarta, July 13 (AFP)—Jakarta Monday said it welcomed a recent apology by Tokyo over the use of Southeast Asian "comfort women" by Japanese forces during World War II but called for a comprehensive investigation on the issue.

Jakarta "welcomes the admission of the Japanese government and its apology for what the Japanese government and soldiers did during World War II, that is mobilizing women from various Southeast Asian nations, including Indonesia, to act as comfort women," a Foreign Ministry press release said.

The press release said Indonesia tends to be "forward looking" and not "chained to the past" but stressed that the honor of the comfort women could never be restored, whatever the Japanese government did.

However, the Indonesian government called on Tokyo "to continue its investigation comprehensively and take actions proportionate to the seriousness of the human rights violation by its soldiers during World War II."

The release also said Jakarta believed the number of comfort women from Indonesia exceeded the 225 people the investigation have so far found to be involved in the scheme, saying that the count was only based on the content of four letters.

The Japanese imperial forces during the last World War, forced women from various Asian countries it occupied to act as comfort women, or forced prostitutes, for the troops.

Nonaligned Summit Not To Neglect Problems

BK1007113192 Jakarta ANTARA in English 1044 GMT 10 Jul 92

[Text] Mataram, W. Nusatenggara, July 10 (OANA-ANTARA)—Foreign Minister Ali Alatas has stated that the Nonaligned Movement (NAM) gives priority to economic and development affairs but does not reduce its attention to international security and political problems.

It is wrong and risky to focus efforts to foster consensus among the NAM member countries on economic problems only, the minister said in his written address to the 36th plenary session of the Press Council in West Lombok, West Nusatenggara here Thursday evening.

In his speech on Indonesia's position and role as the host of the 10th NAM summit and chairman of the movement for the 1992-1995 period, Alatas disclosed that political and security problems will remain a focus of attention.

According to the minister, one of the important and urgent items on NAM's agenda is how the organisation can enhance its role in realizing the new world order.

He said that the United Nations as a multilateral institution is an effective forum which enables NAM to make concrete contributions to control development and other global problems.

NAM's role and position in the future are therefore firmly related to those of the United Nations.

The minister pointed out that efforts should also be made to overcome the gap in the new world information order between the developed and developing countries.

If NAM wishes to maintain its relevance in the rapidly developing and changing world, we can no longer be passive about the new global problems, he noted.

In addition, NAM should make its position on global problems clearer and should have a unified opinion on these issues.

The movement should also continue to improve its efficiency through simplification and rationalisation of its meeting procedures, work mechanism, and coordination, he said.

Role in International Arena Viewed

BK1407050292 Jakarta ANTARA in English 0400 GMT 14 Jul 92

[Text] Mataram, July 14 (OANA/ANTARA)—Foreign Minister Ali Alatas has said that some views have been expressed within as well as without the Nonaligned Movement (NAM) questioning the movement's raison d'etre for its global materialisation in the present world constellation and developments.

In a written address on Indonesia's role and position as host of the 10th NAM summit and chairman of the movement for the 1992-1995 period to the 36th plenum of the Press Council held at Senggigi Beach Hotel in Mataram, West Lombok Regency on July 9 and 10, Alatas said the constellation has long changed from a bipolar framework between the two major powers, viz. the United States and the former Soviet Union, into a multipolar framework, with the emergence of new power centres. The new power centres, he added, include the People's Republic of China, Japan, and Western Europe.

All these developments, (?Minister Ali Alatas) pointed out, did not merely mean not siding with any major political bloc, but its essence particularly lies in its positive stance in trying to reduce or stem the intensity of the conflict and competition between the major power blocs by offering alternative approaches to the solution of world problems.

NAM tried to contribute to the establishment of a new international order and relations on the basis of freedom, lasting peace, justice, and social welfare through the enhancement of friendship and international cooperation without political or economic discrimination.

In another part of this speech, the minister said there have also been certain circles suggesting that NAM should merge with the group of developing countries now popularly known as Group 77, thus forming an even larger group. He said this idea was based on the premise that all the developing countries should join hands in solving the economic and development problems they were facing at present.

As far as Indonesia and most NAM member countries were concerned, Alatas pointed out such idea was obviously "wrong," considering that the two forums were different in function, essence, and aims.

He explained that NAM is a movement operating on the basis of clearcut political principles with political, economic, and social as well as cultural aims, while Group 77 was merely a forum for negotiations among the developing countries on economic and development issues vis-a-vis the industrialized nations. Even in this context, he said, the main ideas and strategy of the struggle of Group 77 were almost fully conceived and formulated by the NAM member countries, which actually form the majority and nucleus of Group 77.

For these reasons, Alatas said, the nonaligned ministerial meeting held in Accra recently failed to reach agreement on the merger proposal and instead it was decided to explore the possibility of a more effective and efficient joint coordination mechanism between the two forums, Alatas concluded.

SRV President To Attend Summit

BK1407034092 Jakarta ANTARA in English 0313 GMT 14 Jul 92

[Text] Jakarta, July 14 (OANA/ANTARA)—Vietnamese President Vo Chi Cong will attend the Nonaligned summit in Jakarta in September, Interparliamentary Coordinating Board (BKSAP) said in its report here on Monday.

The BKSAP report, which was read out by Suseno in a parliamentary session chaired by Deputy House Speaker Saiful Sulun, also mentioned that Vietnamese Premier Vo Van Kiet had also welcomed Indonesia's chairmansip of the movement, saying world developments were posing challenges which had to be solved jointly by NAM [Nonaligned Movement] member countries.

The report also disclosed the Vietnamese view over the important role played by Indonesia in Southeast Asia, NAM, and in the world political arena. Indonesia has showed its effective role in the Cambodian peace efforts and in creating stability and development in the region. Vietnam also sees Indonesia's effective initiative in opening dialogues between Vietnam and ASEAN.

As neighbouring countries, the traditional relations between the two nations have been developing well and have entered a new phase following President Suharto's visit to that country in 1990 and Vo Van Kiet's visit to Indonesia in 1991. The BKSAP viewed the new phase of cooperation as beneficial for the interest of stability and prosperity of the two nations and states.

One of the priorities in Vietnamese foreign policies is to foster good ties with Indonesia, according to the BKSAP report. Vietnam also appreciated Indonesia's assistance which sent experts to that country, it said.

A group of Indonesian parliamentary delegation visited Vietnam recently.

Government Announces Further Economic Reforms

BK1407031392 Jakarta THE JAKARTA POST in English 7 Jul 92 p 1

[Text] Jakarta (JP)—The government yesterday removed non-tariff barriers to imports of 241 categories of goods, further simplified procedures for investment licensing and for expatriate work permits, and gave permission for foreign joint ventures to hold land titles.

These steps are stipulated in a new major package of deregulation measures which was announced yesterdav by Coordinating Minister for Economics, Financial and Industrial Affairs Radius Prawiro immediately after he and other economics ministers reported on the new moves to President Suharto.

"These measures are designed to further improve the efficiency of our economy and to spur domestic and foreign investment activities," Radiu told newsmen.

Similar to the June, 1991 package of reform measures, the latest policy package, contained in 13 rulings, was announced about one week before the meeting of Indonesia's creditor group—Consultative Group for Indonesia [CGI]—in Paris on July 16-17.

However, Radius reaffirmed that the introduction of the new measures has nothing to do with the forthcoming inaugural meeting of CGI.

CGI, which will be chaired by the World Bank, will replace the Inter-Governmental Group on Indonesia which was dissolved in March after the Indonesian governement refused further official aid from the Netherlands.

The latest measures abolished state-owned PT [company limited] Krakatau Steel's monopoly on the imports of 35 categories of steel products by allowing industrial users to import those items.

The non-tariff barriers to imports of 241 categories of goods were completely removed so that there are now only 464 categories (postal tariffs) of commodities still subject to non-tariff barries.

But 226 of the 241 new categories of items now subject to import tariff barriers are related to batik (Indonesian traditionally made cloth), 12 cover farm commodities and the other three are mineral water, metal goods and electricity transformers.

The package also decreased the number of items subject to import surcharges from 400 categories of goods to 255 categories with surcharges ranging from five to 35 percent.

Included among the items freed from import surcharges are steel pipes and nail wire, 27 categories of food and beverages, 19 categories of motorbike and car tires and 51 categories of metal goods.

However, the widely-expected automobile import liberalization was not included in the new package.

"We are still deliberating deregulation measures in the automotive industry because of the many aspects and interests involved," Radius said.

He argued that deregulation of the automotive industry does not involve only technical matters but also government revenues fom import duties and value added tax.

"The automotive industry will be included in the next package of reform measures," Radius said.

In the new measures the government also will allow imports of used machinery, plant equipment and other kinds of capital goods for reconditioning, or for use, except several categories, including steam boilers, hand tractors, automobiles and diesel engines.

"This measure will greatly help our small and medium-scale firms to increase or diversify their production lines," Minister of Industry Hartarto said.

The package also reduced the number of business areas closed to foreign investors from 60 to 51, but only six of the 51 business areas stipulated in the 1992 negative list of foreign investments are wholly closed to foreign investors.

The other 45 business fields such as milk processing, cooking oil, plywood, heavy equipment, and automobiles are still open to foreign companies under certain conditions related to location, export and some other terms.

The licensing procedures for expatriate workers were much simplified. Under the new system, work permits for expatriates can be issued by the Provincial Investment Coordinating Board (BKPMD) or by the provincial offices of the manpower ministry (especially for investment projects not administered by BKPM [National Investment Coordinating Board]) and by the provincial offices of the Ministry of Tourism, Post and Telecommunications especially for hotels and restaurants.

Under the new system, expatriate work permits can be issued within four days after application as long as the occupations applied for are still open to foreigners.

The new measures also allow foreign (Indonesia-foreign) joint ventures to hold land titles (right to exploitation of land) and to use land titles for collateral for bank loans.

Land titles are valied for 30 years and are extendible by 25 years if the joint ventures continue to operate.

Foreign investment companies which obtained land titles based on the 1966 Cabinet ruling can have their land titles extended after they change their business status into joint venture (no longer wholly-foreign owned subsidiaries).

The new measures also abolished four permits previously required by investors—permits for the exploitation of raw materials, for exports, for domestic purchases and for the trading of servies—so that BKPM now issues only four permits: Business licenses, limited import licenses, tax and import-duty relief licenses and expatriate work permts.

Procedures for obtaining permits related to land acquisition, location, building and public nuisance were also much simplified.

Investors who have obtained the necessary permits form BKPM can immediately obtain location permits from the provincial governors, right of exploitation and right of building for land from the National Land Agency or its provincial offices and building and public nuisance permits from the regent or mayor.

Laos

Kaysone, Khamtai Greet Mongolian National Day

BK1107105492 Vientiane KPL in English 0852 GMT 11 Jul 92

[Text] Kaysone Phomvihan, president of the Lao People's Democratic Republic, and Prime Minister Khamtai Siphandon have jointly sent a telegram of greetings to President Punsalmaagiyn Ochirbat of Mongolia and Prime Minister Dashiyn Byambasuren on the occasion of the 71st National Day of Mongolia.

The Lao leaders, on behalf of the Lao Government and people, extended warm congratulations and best wishes to the two Mongolian leaders and through them to the Mongolian Government and people.

They expressed conviction that the friendly ties and cooperation between Lao and Mongolian people be consistently developed for the benefit of the two peoples, and for peace, stability, and cooperation in Asia and the world over.

On the same occasion, Lao foreign minister also sent a telegram of the same nature to his Mongolian counterpart.

Kaysone Receives Outgoing Egyptian Envoy

BK1307133492 Vientiane KPL in English 0858 GMT 13 Jul 92

[Text] Vientiane, July 13 (KPL)—President Kaysone Phomvihan, on July 11, received at the presidential palace Egyptian Ambassador to Laos Mr. Mustafa Hasan Abu-Sunayf, who is about to end his mission here.

Lao President Kaysone Phomvihan, on the occasion, praised the good work done by the ambassador in so far as consolidating and expanding the long-standing relations between the two countries. The Lao president, on the other hand, conveyed through Mr. Mustafa Hasan Abu-Sunayf greetings and best wishes of success in the national building to the government and people of Egypt.

Mr. Mustafa Hasan Abu-Sunyaf has assumed his post as Egyptian ambassador extraordinary and plenipotentiary to the Lao PDR [People's Democratic Republic] since January, 1991.

Nouhak Phoumsavan Meets Outgoing French Envoy

BK1107023092 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 10 Jul 92

[Text] Nouhak Phoumsavan,, Supreme People's Asembly [SPA] chairman, received Daniel Dupont, French ambassador extraordinary and plenipotentiary to Laos this afternoon at the Reception Room of the SPA. Mr Dupont has completed his diplomatic mission here after serving his term for more than two years from 5 February 1990 to 1 July 1992.

The conversation between the host and the guest was held under an atmosphere of friendship and good will. Nouhak Phoumsavan hailed the French envoy for successfully accomplishing his diplomatic mission in Laos, wishing him success in performing his new duty and a safe trip home.

DPRK Foreign Ministry Group Arrives 12 Jul

BK1307131692 Vientiane KPL in English 0923 GMT 13 Jul 92

[Text] Vientiane, July 13 (KPL)—A Foreign Ministry delegation of the DPR [Democratic People's Republic] of Korea led by its deputy minister, Choe Su-hon, on July 12 arrived here for a three-day working visit to Laos.

Welcoming the delegation at the airport was Mr. Soulivong Phasitthidet, Lao deputy foreign minister. Also on hand was Mr. (Kim Chun-nam), charge d'affaires a.i. of the DPRK Embassy.

Military Delegation Leaves for Visit to PRC

BK1407101792 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 14 Jul 92

[Text] The delegation of the Lao People's Army [LPA] General Political Department, led by Lieutenant General [Lt. Gen.] Osakan Thammatheva, member of the party Central Committee, deputy minister of national defense, and chief of the LPA General Political Department, departed for a seven-day friendship visit to the PRC on the afternoon of 12 July.

Seeing the delegation off at Wattai airport were Lt. Gen. Ai Souli-gnaseng, member of the party Central Committee, deputy minister of national defense, and chief of the LPA General Staff Department; Major General [Maj. Gen.] Chanko Phimmason and Maj. Gen. Soulima Bounleut, deputy chiefs of the LPA General Political Department; and several military officers attached to the LPA General Political Department.

PRC Ambassador Huang Guocai and Colonel (Li Laichen), military attache to the PRC Embassy in Laos, were also on hand to bid farewell to the delegation.

UNHCR, Netherlands Aid Refugee Training Center

BK1107152892 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 11 Jul 92

[Excerpt] The United Nations High Commissioner for Refugees [UNHCR] and a Dutch private organization for refugees handed over more than 20 million kip worth of aid to the Vientiane Municipality Occupational Training Center on the morning of 10 July. Of this number, 16 million kip worth of items were from the

UNHCR. They included teaching and learning equipment, tools such as typewriters and sewing machines, and other machines.

The aid items from the Dutch private organization were worth a total of 5 million kip. They included 11 English-language typewriters. This was the second time the organization gave aid items to this training center.

The UNHCR has assisted the Vientiane occupational training center since 1985 with its main purpose of promoting employment for repatriated Lao refugees and unemployed Lao youth. [passage omitted]

Border Committees With Thailand Meet 9 Jul

BK1107030192 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 10 Jul 92

[Text] A meeting was held between the provincial-level general border peace-keeping committees of Bolikhamsai Province and Thailand's Nong Khai Province on the morning of 9 July at the municipal meeting hall of Bolikhamsai Province. The committee of Bolikhamsai Province was headed by Bouathong Phounsalit, deputy provincial governor; and the Nong Khai provincial committee by Navy Captain (Thawisak Laenlai), vice chairman of the border peace-keeping coordination committee of Nong Khai Province. Colonel [Col.] Phommachak Soutthisan and Col. Samroeng Chantharukha, respectively heads of the task force units of the Lao-Thai and Thai-Lao general border peace-keeping committees, and members of the two task force units also attended the meeting.

At the meeting, representatives of the central-level task force units from both sides and of Bolikhamsai and Nong Khai Provinces took turns expressing their views and appraising the outcome of their cooperation in the past in maintaining peace along the border between the two provinces. At the same time, the two sides also explored ways to resolve certain difficulties obstructing their cooperation. The two sides agreed to cooperate with each other in suppressing and preventing exiled Lao rebels from carrying out activities to disturb peace among the people living along both banks of the river under their jurisdiction, pledging to completely get rid of them.

The two provinces also issued a joint memorandum on six points at the meeting. They agreed to cooperate with each other in controlling visitors from each country, to cooperate in resolving the problem of illegal immigrants, to coordinate the work of the provincial peace-keeping committees in a more timely manner, and to cooperate in maintaining the general Lao-Thai border as well as the border between the two provinces in a more practical and effective fashion.

During the meeting, Col. Phommachak Soutthisan and Col. Samroeng Chantharukha expressed views on certain issues which have posed obstacles to the cooperation between the two sides in maintaining peace and security along the common border of the two countries. In particular in the recent past, a senior-ranking Thai military officer accused Laos of having engaged in military training involving the deployment of chemical weapons. With regard to this issue, Col. Samroeng Chantharukha said: I am very sorry to hear that such baseless news is being spread by some people. Such acts only only serve to (?totally) undermine Lao-Thai friendship. For example, during the visit to Laos by His Royal Highness the Crown Prince of the Kingdom of Thailand, armed clashes occurred along the Lao-Thai border in Sanakham District of Vientiane Province when a group of undesirable bad elements caused disturbances in the district. Therefore, we must take precautionary measures to prevent the recurrence of such actions.

Luang Namtha-Yunnan District Cooperation Pact

BK1107101092 Vientiane KPL in English 0901 GMT 11 Jul 92

[Text] Vientiane, July 11 (KPL)—An agreement on cooperation in various domains was reached between Luang Namtha Province and La District, Yunnan Province, China, following a visit to La by a delegation of this northern Lao province headed by its vice governor, Mr. Sen-gnong Vongchankham, between 2-5 July.

According to the agreement, La district will send agricultural technicians to Luang Namtha to experiment the cultivation of ordinary rice on three-hectare area. Another group of Chinese veterinarians will come to Luang Namtha to collect data on animal illnesses having broken out in the locality. In addition, the two sides will cooperate in zoning crop cultivation.

On border affairs, the two sides will discuss to set the fees for border pass, issue provisional car number plates for vehicles travelling in and out between the two countries. The Chinese authority will permit vehicles of international organisations in Laos to cross to China on the way to the Lao nothernmost province of Phong Saly.

As far as tourism is concerned, the two sides will facilitate the travel of tourists and the transport of tourist vehicles to go up to Xieng Hung and King Mao, China. In communications and transport, the two sides will set up joint transport enterprises.

The agreement takes into effect from July 20, 1992 on.

Philippines

No Plans for Increasing Troops in Spratlys Seen

HK1407022292 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 13 Jul 92

[Text] The government has no plans to increase the country's troops deployed on the Spratly Islands.

Defense Secretary Renato de Villa said that although tension now looms over the Spratlys, the Philippines will not strengthen its 80 troops stationed on the Kalayaan group of islands, on which the Armed Forces of the Philippines has set up an air base.

The Spratly Islands are being claimed by Taiwan, Vietnam, the Philippines, Malaysia, China and Brunei, allegedly due to their oil deposits.

Tension over the Spratlys was rekindled when China's legislature passed a law claiming the small Spratlys islands as part of its territory.

Paper Advocates Joining Nonaligned Movement

HK1407031392 Quezon City MALAYA in English 14 Jul 92 p 4

[Editorial: "Non-Aligned Movement"]

[Text] With the U.S. bases gone or going, the time has come and the way is clear for the Philippines to apply for formal membership in the Non-Aligned Movement (NAM). This it could not do in the past because it was aligned with the so-called free world led by the United States against the "monster" of Communism. Now that the cold war is over and the bases are being dismantled, the Philippines' eligibility to join the NAM is beyond dispute.

The NAM is holding a summit meeting in Jakarta this September with Indonesia as host. It is to be hoped that by this time the government has formally filed its application and has begun asking friendly states to support it. Membership in the 104-nation movement has many advantages to offer with no drawbacks visible. But between now and September, which is really very little time, the government has to work hard to make it to the Jakarta summit.

Sadly, it has to be admitted that the NAM has fallen on hard times, especially in comparison with the glorious era when its leaders strode the world like colossi—India's Nehru, Indonesia's Sukarno, Egypt's Nasser, Yugoslavia's Tito. Its deterioration may have begun with Egypt and Nasser's crushing defeat in the 1967 Six-Day War. It couldn't do anything to help a comradely state.

Iraq, which was to host a summit meeting in Baghdad in the early '80s, got involved in a war with Iran, which threatened to bomb the conference and forced the NAM to look for another venue. Tito's Yugoslavia is no more. Perhaps the now-independent states that once composed the USSR will be knocking on the NAM's door. Will Boris Yeltsin's Russia, for example, be interested?

The NAM itself will be rethinking and recasting its reason for being now that the Cold War has ended. It was non-aligned as between the U.S. and USSR; that was the reason for its existence. Today, with reference to whom will it remain non-aligned? It may even have to consider changing its name.

But the termination of the cold war would seem to provide new impetus for the NAM to reinvigorate itself. While the danger of a nuclear showdown between the former superpowers has certainly evaporated, the new flashpoints are regional and ethnic wars, as can be seen in Yugoslavia and the former USSR, and the tension between China and Vietnam over the Spratlys. The NAM can be a powerful moral and political force for forestalling such conflicts or, once they have begun, cutting them short. Certainly in the Third World, from which most of its members are drawn, it should be a major factor. For the Philippines, after nearly 50 years of being a U.S. client-state, it would be an affirmation of newly-found independence and self-respect to be welcomed into the ranks of the Non-Aligned Movement.

Air Force Turns Down Saudi Arabian Jet Offer

HK1407024192 Manila BUSINESS WORLD in English 14 Jul 92 p 10

[Text] As far as air defense goes, the Philippines will remain naked for quite some time.

While the Philippine Air Force [PAF] has for some time been in dire need of a few squadrons of capable fighter interceptors, diplomatic sources disclosed to BUSINESS WORLD that the "PAF turned down a chance to acquire 55 F-5s from the Kingdom of Saudi Arabia."

The aircraft package, an assortment of F-5As, F-5Bs and the more advanced F-5Es, was offered "for only $34 million (approximately $618 thousand each)" a Philippine diplomat said. Currently upgrading to F-16s, F-15s and Tornadoes, the Saudis are disposing of the F-5s in their inventory.

"That seemed a good deal. If we can't have top of the line stuff, we might as well have quantity. The F-5 is still a capable aircraft," he said.

In a recent interview, a foreign military attache noted that various countries in the region, despite massive purchases of new aircraft, have preferred not to scrap their F-5s, upgrading them instead to undertake reconnaissance, early-warning, and electronic countermeasure (Wild Weasel) roles. "The F-5 is a versatile platform and easily maintained within the capabilities of developing countries," the attache remarked.

Of the PAF's eight F-5As and one F-5B, only two are in shape to handle the high-G stresses of air combat, military sources said.

"We were told that the PAF was not interested in the Saudi F-5s, because it was going to be getting F-16s," the Philippine diplomat said.

A ranking Foreign Affairs official familiar with the bases talks revealed that the PAF also turned down a U.S. offer of two squadrons of F-5Es as excess defense articles because "the aircraft allegedly had cracked longerons or something like that." Repairs were estimated at $41,000 per plane. "At that time our military wanted nothing less than the F-16," he said.

At $30 million apiece, the F-16 has proved to be a mirage. Coming down to earth, the PAF decided it could live with the Israeli Kfir. An order for 18 aircrafts, including support equipment, was negotiated for a total cost of $126 million, or $7 million per copy.

"However, we were not given the P1.4 billion [pesos] we requested in order to pay the downpayment for the Kfirs," a ranking Defense official said. "That means we have to forget getting the Kfirs."

A member of the Philippine panel during the bases talks recalls that the U.S. also offered a squadron of F-4E Phantoms but the "DND [Department of National Defense] didn't want the Phantoms because they were gas-guzzlers." But the Israeli Kfir uses the same J-79 powerplant the Phantom uses.

Defense Head Visits Brunei; Discusses Security

HK1407094492 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 14 Jul 92

[Text] Defense Secretary Renato de Villa left today for a two-day official trip to Brunei Darussalam. Secretary de Villa will represent President Fidel Ramos in the 45th birthday celebration of Brunei Sultan Mohammad Hassan Bolkiah.

Secretary de Villa and Sultan Bolkiah are expected to have a dialogue on regional security in the Asia-Pacific region with the pullout of American forces from Subic Naval Base and how the conflict over Spratly Islands could be resolved to prevent tension among claimant countries in the Asia-Pacific region.

Secretary de Villa brought with him President Ramos' personal message to Sultan Boliah on his birthday.

ASEAN Consultation Urged

HK1407023192 Manila BUSINESS WORLD in English 14 Jul 92 p 10

[By Ma. Caridad S. Bautista]

[Text] The Philippines must take advantage of the forthcoming Association of Southeast Asian Nations (ASEAN) post ministerial conference to initiate a multinational agreement settling the Spratly Islands dispute.

This was proposed yesterday by incoming Senate foreign affairs committee chairman Blas Ople and Senator Rodolfo Biazon in separate statements.

Sen. Ople said the issue must be settled immediately to avoid worsening the relationship among the six-nation claimants.

He noted that "we have in the ASEAN post-ministerial conference the makings of a new political structure in which all the major powers are represented, one capable of resolving security issues of regional importance such as the Spratly issue."

A briefing regarding the Philippine external security and foreign policy was scheduled this week for Mr. Ople and Senate defense committee chairman-designate Orlando Mercado.

Other Representatives

Aside from the six ASEAN member-states, the conference next week will be attended by representatives from the United States, Japan, Australia, New Zealand, and other European countries who will serve as dialogue partners. Representatives from China and Russia will also attend as observers.

Sen. Biazon recommended the adaptation of the North Sea Oil Exploration and Indonesia-Australia compromise agreements in the resolution of the dispute.

He said the oil exploration scheme involves a community of nations jointly exploring and exploiting the oil resources of the North Sea, while the Indonesian-Australian agreement segregates the disputed areas into specified "blocks" for either party to explore. But he did not specify which of the two models is suited for the Spratly settlement.

He added that the ASEAN conference is an opportuny to seek a political solution to the issue as China, one of the most aggressive and powerful claimants, has "agreed to study a joint solution relative to the China Sea conflict."

The other claimant-countries are Vietnam, Malaysia, Taiwan and Brunei.

Government Fails To Submit Performance Review

HK1307025992 Manila BUSINESS WORLD in English 13 Jul 92 p 1

[Maria Gertrudes M. Chavez]

[Text] The Philippine Government failed to submit last Friday the "letter of assurance" required by the International Monetary Fund (IMF) to complete the all-important second performance review.

Central Bank [CB] Governor Jose L. Cuisia, Jr. said after the Monetary Board (MB) meeting Friday, the Government has yet to come up with an alternative revenue plan to offset the shortfall in projected income for 1992.

Finance Secretary-designate Ramon del Rosario, Jr. had hoped that the letter of assurance would be given last week to the IMF.

The top CB official disclosed that the new economic team is still evaluating the new revenue-enhancement measures to be submitted to the new Congress. Among those being eyed for consideration of the legislative body are the refinements to the value-added tax, confidential positions at the bureaus of customs and internal revenue, and a large tax-payers' unit at the BIR [Bureau of Internal Revenue].

Insufficient

However, these are still insufficient to cover Government's acute revenue lack for the second half of the year, despite strict cutbacks in public expenditures.

But as of June 30, the National Government (NG) still managed to post a budget surplus of P600 million [pesos], since revenue shortfalls of P18.2 billion have been correspondingly matched by the P15.5-billion cut in government expenditures.

Budget and Management acting Secretary Salvador Enriquez pointed out that these surpluses are expected to be wiped out soon following an anticipated rise in expenditures as a consequence of the elections and the unclogging of payables. He noted that payments had been withheld for the first five months of 1992.

On the other hand, revenues are decreasing because of low asset sales and the continuous appreciation of the peso. The BIR, for one, has been unable to meet its revenue target collections in the last two months, Mr. Enriquez said.

If left unchecked, the NG deficit could balloon to P21.6 billion from the current IMF target of P9 billion. This has been further made difficult by Government's decision to stick to the IMF targets for the NG's fiscal operations, instead of asking for a relaxation of its deficit as earlier proposed by Mr. Enriquez.

Priority

Mr. Cuisia, however, said the P21.6-billion projected NG deficit assumes that all expenditures will be disbursed. At the end of the day, he feels the NG must prioritize its expenditures in the second half, adding that new foreign-assisted projects may have to be deferred anew.

The CB official further disclosed that at present all department heads are being asked to review their respective budgets given the expected low revenues.

Mr. Cuisia further said a concrete revenue proposal may only be ready in two weeks. This would be the only time Government may be able to submit the letter of assurance to the IMF.

The IMF has been unstinting in its demand that the Philippine Government come up with specific revenue measures for the second half of the year, otherwise the second performance review will not be completed. The finance department has promised it will go full-blast on the privatization of government assets. However, the IMF wants more self-sustaining and permanent revenue sources.

The Fund's mission to the Philippines has not acted on the country's second review pending the drawing up of specific measures to address the revenue shortfall and the power problem. Earlier, there has been an assurance from power officials that an energy sector plan is currently being drafted. The contingency measures are expected to be completed by September, Mr. Cuisia said.

Other Transactions

The CB official further stressed that several transactions are hinged on the second performance review. For instance, the $4.8-billion debt reduction package with the commercial banks cannot be consummated without an IMF endorsement, IMF senior resident representative Christopher Browne indicated.

In addition, World Bank resident representative Thomas Allen also said the $800-million economic integration loan for the country's debt operations is dependent on a successful IMF review.

IMF Asked for Higher Deficit for Infractructure

HK1407024592 Manila BUSINESS WORLD in English 14 Jul 92 p 10

[By Ma. Caridad S. Bautista]

[Text] The Government will ask for a higher budget deficit ceiling under the 1993 economic stabilization program [ESP] to give more "elbow room" for financing the country's infrastructure projects.

President Ramos said during the television talk show Firing Line that although his administration approved the ESP, he will ask for better conditions "to give more elbow room for infrastructure programs."

Mr. Ramos said the condition set by the International Monetary Fund of a budget ceiling of 2.5% of the Gross National Product was "too restrictive." As a result, he added that Government funding for infrastructure projects had to be cut. "We need infrastructure to attract investors."

Under the proposed 1993 expenditure with a projected P14.6-billion [pesos] deficit, funding for infrastructure projects was reduced from P21.8 billion this year to P16.2 billion, or a cut of 26%.

With the second half still to go on full swing, Mr. Ramos said his administration will work out a higher deficit ceiling but asked his economic leaders to avo [as published] increasing the gap to P21.6 billion.

One item's expenditure which will increase once the deficit is hiked is the infrastructure program.

Leonora de Jesus, chief of the Presidential Management Staff, told reporters that Government is considering transferring the subsidy of government-owned and -controlled corporations to infrastructure projects.

Mr. Ramos said, "Masyadong naputulan ang DPWH at DOTC (The budgets of the Departments of Public Works and Highways and Transportation and Communications were severely cut)."

Infrastructure Projects

Mr Ramos wants to implement three major infrastructure projects, the Light Railway Transit [LRT] II and III and the Circumferential 5 road network (C-5) all of which should be operation in three years.

The President is also considering extending LRT II up to Cogeo, Rizal from the intended Claro Recto-Cubao connection. This plan is expected to develop the eastern portion of Metro Manila.

The C-5 will link the Ninoy Aquino International Airport with San Jose del Monet, Bulacan through Libis, Quezon City.

Tax Measures

Another scheme being considered by Pres. Ramos is to increase revenue-generating operations including congressional approval of tax bills proposed by the past administration. "We will choose which (of the tax measures) are reasonable," he added.

The measures include refinements in the value-added tax, creating confidential positions in the Bureaus of Internal Revenue [BIR] and Customs and the creation of a large taxpayer's unit in the BIR.

Ramos Forms Group To Work on Amnesty Program

HK1407022092 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 13 Jul 92

[Text] President Fidel V. Ramos is amenable to giving all rebels in the country total and unconditional amnesty. However, he has set a condition for the rebels to comply with.

During an interview on a television talk show, the president said both rightist and leftist rebels should abandon their armed struggle if they want to have influence on the government. He is hopeful that an amnesty program for both leftist and rightist rebels and Muslim rebels will be submitted to Congress, which will open on 27 July. He added that he has formed a group composed of senators, congressmen, and members of the executive branch to formulate the mechanics of the amnesty program.

Police Employees Criticize Director General Nazareno

HK1307120192 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 13 Jul 92

[Text] Philippine National Police [PNP] officials and civilian employees have distributed copies of an open letter in Camp Crame accusing PNP Director General Cesar Nazareno of being king of the scalawags. The employees named Nazareno king of the scalawags after he reportedly obliged PNP officials to raise their quota in a popular but illegal lottery so that they may be promoted. At the same time, the employees accused Nazareno's wife of illegally using PNP funds. However, General Nazareno, through PNP spokesman Colonel Reynaldo Wycoco, emphatically denied the accusations. Wycoco said the accusations are mere inventions of coward officials who were not given good positions within the PNP leadership.

Ramos Welcomes Religion's Role in Politics

HK1307042892 Manila PHILIPPINE DAILY INQUIRER in English 13 Jul 92 p 11

[Text] President Ramos yesterday said he welcomed religion's role in public and even political affairs, saying government and Church can always co-exist.

"Like you, I adhere to the secularist ideal—of church and state as mutually autonomous and co-existent, each supreme in its own domain, but closely working together for the common good," the President said in his speech during a thanksgiving at the Cosmopolitan Church in Manila.

In stressing the role of religion, the President said that no individual can simply write principles on legal documents and laws and expect them to produce the right behavior among people overnight without faith.

He said a democratic state like the Philippines cannot survive unless the people themselves are God-fearing and virtuous.

The President enjoined both the Christians and Muslims to keep the peace, vote honestly, pay their taxes, and obey the laws—all as an integral part of living their religious faith.

Mr. Ramos said he wanted to be remembered by Filipinos not as the first protestant president but the 12th president who happens to be a Protestant.

Military Maintains Red Alert in Basilan

HK1307024492 Quezon City MALAYA in English 13 Jul 92 p 3

[Text] Isabela, Basilan—The military maintained its red alert status here even after the special polls Saturday, after rebel group threatened to burn the town if their candidate loses.

Marine brigade commander Col. Romeo Daranciang did not identify the rebel group, but claimed "the Moro National Liberation Front's [MNLF] provincial revolutionary committee has always made the MNLF lost command its "whipping boy."

"Whoever wins in the special election, possible trouble is expected (from the defeated candidate)," said Daranciang.

Thailand

Military Leaders Say No Interference in Politics

Kaset Pledges 'Never Again'

BK1307145592 Bangkok TNA in English 0930 GMT 13 Jul 92

[Text] Chiang Rai, July 13 (OANA-TNA)—Thai Supreme Commander Air Chief Marshal [ACM] Kaset Rotchananin pledged on Sunday the armed forces would never again interfere with the country's political process.

ACM Kaset was speaking to reporters after presiding over the ceremony in which he represented the Air Force to donate an educational audio-video set to a public libery in this northermost province.

Kaset said as the supreme commander, he could assure that the military would not get involved in politics from now on, but it was ready to cooperate with all sides in implementing develoment projects which would contribute to the well-being of the people.

After the May violence, Kaset and Army Commander-in-Chief Gen. Itsaraphong Nunphakdi have kept themselves low profile and could only be seen in remote areas where they presided over development-relating activities.

Pro-democracy groups have demanded that the two military leaders be tried for their roles in the bloody crackdown on peaceful demonstrations during May 17-20, in which scores of people were killed and several hundred others injured and missing.

Kaset said he believed that the situation would return to normal after the next general election on September 13.

The military chief said he wanted to see peace restored and economy continue to flourish.

However, he was concerned that some groups might not strict [word as received] to the laws and resort to mob's rule as they did recently.

Interim Prime Minister Anan Panyarachun last week ordered the abolishment of the National Peacekeeping Force, ending the military's role concerning internal security. The job is now passed on [to] the Interior Ministry.

Leaders Discuss Military Role

BK1207124392 Bangkok NAEO NA in Thai 12 Jul 92 pp 1, 18

[Text] During a BBC interview broadcast worldwide on 11 July, Deputy Supreme Commander General Wimon Wongwanit commented on the issuance of the executive order by Prime Minister Anan Panyarachun abolishing the post of the internal peacekeeping director, saying that the people who are responsible for this act must have already weighed its pros and cons, noting "the issuance of the order fits the current situation."

Asked about his opinion regarding the call for the military to stay away from politics, the deputy supreme commander said soldiers are also citizens of the country and, therefore, are obliged to contribute to a clean and fair election, rightly exercise their voting rights, and vote for the right parties and candidates.

He continued: "Politics is a matter that involves everyone. I fully agree that soldiers should not direct military institutions to meddle in politics. No government agencies or military units should be used to cause the elections to be unfair. I certainly believe this."

General Wimon Wongwanit graduated from Chunlachomklao Military Academy's Class Five. His classmates include former Prime Minister General Suchinda Khraprayun and Army Commander General Itsaraphong Nunphakdi. General Wimon is one of a few graduates from Class Five who have expressed views on politics different from their colleagues.

During the same program, BBC also interviewed former Phalang Tham Party leader Major General Chamlong Simuang and former Bangkok Democrat MP Aphisit Wetchachiwa.

Major General Chamlong Simuang said that the military should listen to the people's view demanding that the military stop interfering in politics because the current world situation is very different compared to the situation 10 or 20 years ago. If the military wants to help develop the country, it must stop interfering in politics, so Thai political affairs can freely move along its natural course, and concentrate on its main task of defending the country from external aggression.

Meanwhile, Aphisit Wechachiwa said there are so many loopholes in the laws, which allow the military to get involved in politics through their "mediums" or stooges. After the May incident, the Thai people called for changes, especially for the amendment of the laws related to riot suppression and for factual reports in the state-owned media.

Meanwhile, newsmen asked Prime Minister Anan Panyarachun about the attempt to have the armed forces declare their use of secret funds. He said that he merely mentioned that many countries make public the use of secret military funds after a period of five or ten years. Asked if the government will lay down guidelines for the use of secret funds, he replied "I have many other things to do. The next prime minister should have the answer."

Air Force Chief's Airline Monopoly To End

BK1407010592 Bangkok BANGKOK POST in English 14 Jul 92 p 13

[Text] The Cabinet yesterday made an historic decision to end the Royal Thai Air Force [RTAF] Commander-in-Chief's [C-in-C] monopoly on the chairmanship of Thai Airways International [THAI].

The regulation allowing the RTAF C-in-C to be THAI chairman by position will be amended. He will no longer monopolise the chairmanship of the national airline and may also not be elected to the THAI board.

The regulation reserving board seats for representatives of government agencies and senior executives of the national airline will also be amended.

Under the new regulations, the THAI board will be elected by the general shareholders' meeting, and the elected board will select one of its members to be the chairman.

The Finance Ministry has explained that the proposal to amend the regulations on THAI is to make them compatible with the Public Company Act, but the move was made apparently because of increasing opposition from both the public and THAI staff to Air Chief Marshal Kaset Rotchananin who was accused of being involved in ordering the military crackdown on anti-Suchinda demonstrators in the May tragedy.

Despite refusals by Prime Minister Anan Panyarachun and Finance Minister Phanat Simasthian to have the Government involved in appointing the THAI chairman and board directors under the new regulations, saying they will depend on the shareholders meeting's decision, it is noted that the appointments will in fact be made by the Government as the Finance Ministry is the largest shareholder of the national airline.

Owning about 90 percent shares, the Finance Ministry's vote alone can decide all issues.

In proposing the amendments, the ministry said THAI has won a listing on the Stock Exchange of Thailand and its shares are scheduled to start trading on the stock market later this month, but the airline's structure is not flexible enough to cope with the situation.

"People who have subscribed to THAI shares have realised this problem and heavily criticised the THAI board which is different from those other companies in general," the ministry said.

Moreover, it said, the Securities and Securities Exchange Act, which has been effective since May 16, requires companies with shares listed on the stock market to change their status to public companies within two years, so THAI will have to comply with the Act and the appointment of board members is also part of such compliance.

In an effort to benefit the investors THAI and the country, the Finance Ministry said it is necessary for it to amend THAI's regulations on the appointment of board members immediately, instead of waiting for law enforcement.

After approving the proposal, the Cabinet has instructed the Transport and Communications Ministry, which is authorised to supervise and control THAI's policies and management, to conduct the amendments by managing to issue a board decision at its meeting on July 23 to call a shareholders' meeting to amend the regulations.

In the existing regulations of THAI its board of directors will comprise not more than 10 members including the Royal Thai Air Force Commander-in-Chief, Transport and Communications Permanent Secretary, one representative each from the Airports Authority of Thailand, the RTAF Transport and Communications Ministry, the Finance Ministry, the Supreme Prosecutor's Office, the Foreign Affairs Ministry, the National Economic and Social Development Board, the THAI president and senior executive vice-president.

The regulation will be changed to read: "The board will comprise not fewer than five persons and not more than 15 persons, depending on the decision of the shareholders' meeting."

For the regulation that the RTAF C-in-C and Permanent Secretary for Transport and Communications are chairman and vice-chairman, it will be amended to be that the board will elect one of its members as chairman and one or more other members as vice chairmen

After the Cabinet meeting, Mr Anan said it will not take long to amend THAI's regulations "because the Finance Ministry is the major shareholder of THAI. It and the Transport and Communications Ministry need to hold two extraordinary shareholders' meetings to approve the amendments, and the process will be completed."

Asked whether the amendments are aimed at dethroning the RTAF C-in-C, he said: "We (the Cabinet) have never stated the Royal Thai Air Force Commander-in-Chief cannot be the chairman of THAI. It will depend on the board members who will be elected proportionally to each shareholder bloc. This is a standard practice of listed companies on the stock market."

Asked whether the amendments will improve the price of THAI shares, the Premier said: "This is a different matter. The amendments are a change in the principle, while the price of THAI shares depends on the market situation."

Kaset Comments on Decision

BK1407091192 Bangkok Radio Thailand Network in Thai 0530 GMT 14 Jul 92

[Excerpts] Supreme Commander and Air Force Chief Air Chief Marshal Kaset Rotchananin granted an interview to newsmen after attending a religious ceremony at Phra Si Mahathat Monastery this morning. He said the Air Force's rain-making team will launch an operation very soon to solve the problem of the low water level at Phumiphon Dam. [passage omitted]

Asked about a call for the termination of the supreme commander position, Air Chief Marshal Kaset refered to an explanation given by the defense permanent secretary—that the position was created during war to coordinate the operations of the armed services, and it remained as such, acting as a center for the coordination of the armed forces after the war. He said the Supreme Command has several units under its jurisdiction whose responsibilities are vital for national development. He did not know how to make up for those units if they were dissolved.

Asked about the move to restructure the administration of Thai Airways International, the supreme commander said any changes should be based on the decision of the board members and shareholders. The Air Force has no objection to any change which would contribute to the progress of the company.

Asked about a call for a reduction of the role of the armed forces, Air Chief Marshal Kaset said that the role of the armed forces is national defense readiness and assisting other government agencies in carrying out development projects. He said he wondered how there could be a reduction of such a role, which was stipulated by the Constitution. Asked what stand the military should take at present, Air Chief Marshal Kaset said it is the duty of soldiers to develop national defense efficiency as well as the economic and social well-being of the people, especially those in remote rural areas.

'Analysis' Views Recent Political Developments

BK1207040892 Bangkok BANGKOK POST in English 12 Jul 92 p 8

["Weekend Analysis" by Banyat Tasaniyawet]

[Text] Thai political development has progressed steadily despite repeated setbacks as a result of military coups d'etat. Another step is being taken following the May protests demanding an end to military dictatorship.

As a result of the ouster of Gen Suchinda Khraprayun as, premier amendments to the Constitution and subsequent events, the general election is shaping up as the acid test as to whether heightened awareness of democracy will have an impact on results usually determined by traditional "polluted politics".

It is clear the uprising in May polarised public perception of political parties into two groups, on side the so-called pro-military, coalition parties which supported Gen Suchinda and his classmate and, on the other, pro-democracy parties which opposed them.

Increased political awareness has forced many of the pro-military bloc to make major changes in an attempt to shed their "satanic" tag. Their response is natural because they cannot logically explain or justify the positions the adopted in supporting Gen Suchinda and the bloodshed.

This frantic switching of party allegiances by MPs occurred not long ago too—soon after the National Peace-keeping Council staged its coup against the Chatchai administration and called elections for last March.

The party most affected this time is the core of the Suchinda coalition, Samakkhi Tham, which had 78 MPs.

With MPs loyal to northern business tycoon Narong Wongwan remaining as the core, the party will change its name and run as the Thoed Thai Party this September. Apart from Mr Narong, the stalwarts include former Ruam Thai MPs who quit Social Action.

Apart from its name, the party has found it necessary to change its top leadership as well. Dr Anuwat Wattanaphongsiri becomes leader and Sompong Amonwiwat secretary general to replace Sqn Ldr [Squadron Leader] Thiti Nakhonthap.

But with many MPs fleeing to what they believe will be greener pastures, Samakkhi Tham or Thoed Thai appears unlikely to become a member of the net coalition government, nor can its new leader realistically expect to be a genuine contender for premier.

At best, Thoed Thai can expect to be a pressure group in Parliament after September 13.

Perhaps the party most political analysts are keeping a close eye on is the former Puang Chon Chao Thai Party—now Chat Phatthana—to be headed by former Chat Thai leader and former prime minister Gen Chatchai Chunhawan.

Chat Phatthana boasts of being able to muster as many as 80 MPs from various other parties and its formation follows the path of what many call "task force" or transition parties that later disintegrate after facing a political crisis, such as the United Democratic Party, Solidarity and Samakkhi Tham.

The party comprises four major groups. The first is that of former Army chief Gen Athit Kamlang-ek and Suwat Liptaphanlop with about 10 MPs.

Another larger group of about 30 MPs is of former Social Action MPs with key members being Chawalit Osathanugrah, Mai Sirinawakun and Santi Chaiwiratthana. This group is backed by former SAP MPs such as Phong Sarasin and Surat Osathanugrah.

The third group comprises former eastern MPs closely aligned to influential godfather Somchai Khunpluem or Khamnan Poh. They include Charun Ngamphichet Sonthaya Khunpluem and Thoedtham Amaranikit.

The fourth group, perhaps equally as powerful as the former SAP MPs, takes in Chat Thai supporters of Gen Chatchai himself. This group is led by Gen Chatchai's nephew, Kon Thapparangsi, who will be Chat Phatthana's secretary general.

Chat Phatthana's prime aim, of course, is to win the largest number of seats in the House and be the core of the next government.

Gen Chatchai's decision to head Chat Phatthana has shaken Chat Thai considerably and cut into the party's morale. While Chat Thai's founding members are those of the Ratchakhru family, its real power and authority has been usurped by Banhan Sinlapa-acha, the secretary-general.

Pol Gen [Police General] Praman Adireksan, of the other wing of the Ratchakhru clan, has assumed leadership of the party but analysts do not expect Chat Thai to play a core role in forming the government after the election, let alone being a member of the coalition.

Former House Speaker Dr Athit Urairat certainly made a name for himself by nominating Anan Panyarachun, instead of ACM [Air Chief Marshal] Sombun, as premier. His increased personal prestige has launched his attempt to form a new party, Seritham.

Dr Athit has with him a sizeable number of former Samakkhi Tham MPs but success in its electoral debut remains very much up in the air.

Of all so-called "satanic" parties, Samak Suntharawet's Prachakon Thai appears to have been affected the most. Mr Samak momentarily disappeared from the political scene after the uprising in May.

A lack of confidence prevails as the party leader, inexplicably, continues to tow a line running counter to the mood in Bangkok.

The party's MPs in Chanthaburi are under considerable pressure to leave the party. Should this occur, it would be a major blow.

The only MP who has said she will sink with the ship is Lalita Roeksamran, Mr Samak's running mate.

Of the pro-democracy parties, the Democrats appear to have benefited the most politically from the May events, even though the party adopted a somewhat reluctant stand and disapproved of the demonstrations "outside Parliament."

The party is flooded with people wanting to become candidates and it is expected to gain some seats from Palang Dharma in Bangkok and intrude on Prachakon Thai areas.

Democrat Party leader Chuan Likphai, according to an initial survey, is the most popular candidate for prime minister.

Ironically, Phalang Tham's Maj-Gen [Major General] Chamlong Simuang, who led the pro-democracy demonstrators and placed his own life on the line, has become the target of certain segments of middle-class criticism. He is accused of being "extremist" in his action and "partly to blame" for the deaths resulting from the military crackdown.

Maj-Gen Chamlong, who in the past has constantly topped polls as most favoured prime ministerial candidate, finds himself second behind Mr Chuan. While the party may lose seats in Bangkok, it can certainly expect to gain in areas such as in Nakhon Si Thammarat and Nakhon Sawan.

Former Army chief Gen Chawalit Yongchaiyut's New Aspiration is another pro-democracy party likely to benefit from the political mood. Most of its MPs have stayed with the party. Yet, like Phalang Tham, its leader has become a target of a coordinated smear campaign. It remains to be seen whether increased political awareness will be able to counter this thrust.

Among the pro-democracy parties, Solidarity has been worst affected—not so much because it stood with the demonstrators but because three key southern MPs in Nakhon Si Thammarat have decided to join Phalang Tham.

The trio, led by Chamni Sakdiset, decided that apart from their individual appeal their chances of countering the Democrats' juggernaut would be enhanced by joining Phalang Tham with its popular and positive pro-democracy image.

Problems between Solidarity leader Bunchu Rotchanasathian and secretary-general Uthai Phimchaichon also prompted Mr Bunchu to join Phalang Tham.

In summary, no matter what cosmetic changes pro-military parties make in their attempt to shed their previous image, the election is basically a struggle between the two camps, perhaps with the exception of Bangkok and the South where pro-democracy parties will be battling among themselves.

Prospects of pro-military parties, with their financial resources, retaining their hold remain likely. But changes and upsets could occur if increased democratic awareness spreads to rural Thailand.

New Party Seen as Strong Contender for Elections

BK1407005392 Bangkok BANGKOK POST in English 14 Jul 92 p 1

[Excerpt] The newly-formed Chat Phatthana (Nation Development) Party has emerged one of the strongest in the upcoming election, with its leader, Gen Chatchai Chunhawan, a strong contender for the premiership.

Political analysts said the party has been given a significant boost by the defection at the weekend of Prachuap Chaiyasan from the Democrat Party and the possible participation of a group of former MPs loyal to former House Speaker Dr Athit Urairat.

Chat Phatthana sources now estimate the party could win up to 80 seats in the election which would rank it among the largest parties.

Before the unveiling of the party's line-up an Sunday, Democrat Party leader Chuan Likphai was the most favoured candidate for the premiership, according to a National Institute of Development Administration (NIDA) poll.

Mr Prachuap, who has been named the party's secretary-general, said yesterday the party had received an unexpected number of applications from former MPs and new faces keen to join.

Interest is especially strong in the Northeast.

The former Democrat said he was also negotiating with a group of former Democrat MPs in the South to join Chat Phatthana to help its electoral prospects.

He also claimed some Phalang Tham Party provincial councillors in Surat Thani had sought membership of the party.

Mr Prachuap said he would not push his former Democrat colleagues to join him, "but would rather let them use their own judgement."

The former Democrat deputy leader said he had met with Democrat secretary-general Maj-Gen Sanan Khachonprasat and had given an assurance he would not seek to destroy the Democrat Party "because it is a political institute which has to be preserved".

Mr Prachuap has been given responsibility for selecting candidates for the September 13 election and said he would emphasise quality in his selection.

Another key party member said Chat Phatthana was now the strongest party in the Northeast through the grouping of Gen Chatchai, Gen Athit Kamlang-ek, Kon Thappharangsi and Suwat Liptaphanop.

He expects the party to win about 50 seats in the Northeast and between 2030 seats elsewhere.

The party member said the defection of Mr Prachuap had done little to boost the party's strength in the northeastern region as only one other former Democrat MP, Chaiya Phromman, had followed his lead in joining Chat Phatthana.

But he said Mr Prachuap's defection had hurt the Democrat Party's image and would undermine Democrat leader Chuan Likphai's prospects of becoming the next prime minister.

He said Gen Chatchai regarded Mr Chuan as his strong rival for the premiership.

Deputy leader Mai Sirinawakun said he was trying to recruit scores of former Samakkhi Tham MPs loyal to Dr Athit Urairat if their attempt to form a new party under Dr Athit failed.

Another source said Gen Chatchai wanted the court to rule before the election on his appeal against being declared unusually rich by the now-defunct Assets Examination Committee. [passage omitted]

Column Discusses 'Unelectable' Candidates

BK1207032692 Bangkok THE NATION in English 12 Jul 92 p A10

["Sideline" column by Sophon Ongkara: "The Rebirth of the Unelectable"]

[Text] Voters will soon be presented with many of the same unelectable candidates in the upcoming general elections scheduled for Sept 13. The date itself looks like an ill omen for a few of them, especially those who fail to cover their tracks well ahead of time.

Let's see what we have now. There's the National Development Party, a breakaway group of MPs from Chat Thai, Samakkhi Tham parties and few others who believe that former premier Gen Chatchai Chunhawan would guide them away from the treacherous and winding political path.

Others are Seritham Party and Thoed Thai Party which comprise members of the obviously defunct Samakkhi Tham whose notoriety has become so widespread that no ex-MPs are willing to remain under that tainted banner any longer.

So the five pro-military parties are splitting as part of their attempt in transforming themselves into innocent entities. Don't be mistaken by the struggle of these political parties, at their attempt in soul searching. Going by past experience and the recent May bloodbath, these political desperados will never spare their souls to truly serve the people.

Frankly speaking, the resurrection of these politicians, should be prevented by any means possible for the sake of the country. Sadly however, political circumstances in rural areas are not yet an effective deterrent to block them from the House.

Among all those parties remains Chat Thai, but this time it lacks stinging power, because scores of its members have defected to join the National Development Party, or Chat Pattana formed by ex-premier Chatchai Chunhawan.

In forming the NDP, Chatchai demonstrated an un-Thai behaviour by returning the slap and ridicule he got from Chat Thai financiers and bigwigs a few weeks ago.

It is high time, in Chatchai's opinion, to leave those rotten apples in the Chat Thai barrel, if he truly wanted to restore his image, honour and political stature in the next polling. The former premier still hopes that with enough following of ex-MPs, his party can emerge victorious in the election so that he can take a shot at the premiership again.

However, there is a stumbling block, when people believe that the politicians now facing allegations for amassing a questionable amount of wealth should wash their hands away from the post of chef d'etat. The legality of the probe conducted by the Assets Investigation Committee is immaterial. A valid question remains: Were those assets actually ill-gotten gains? The public should not be misled to miss this pertinent point.

So a red carpet is not there yet for Chatchai to walk towards the premiership. The politicians under his new party have yet to be convinced to learn about accountability, moral responsibility and conscience of guilt. This is next to impossible, we know.

But if there is any red carpet for Chatchai, as envisioned by the members of the NDP, it must have been the same carpet removed from the Royal Hotel, still soaked with the blood of prodemocracy demonstrators who were massacred during May 17-20.

If Chatchai cherishes a notion that he had no part in the ugly episode, this will be disputed. As defence minister, he was the one who had installed the "Butchers of Bangkok" in their commanding posts and they turned against him when his government was ousted on the Feb 23,1991, coup d etat. It was his desire to be cozy with those thuggish commanders, and the nerve to provoke their ire through his verbal hitman eventually did him in.

The Anan administration, now riding on the crest of public support, is undertaking a risky mission in cautiously defanging the politically ambitious country-club generals. Anan however has achieved limited success in this endeavour.

If the Anan II government is relatively successful in dealing with these generals, a dreadful scenario is that Chatchai might be tempted to curry favour with the commanders still in power just for his survival if he indeed, has enough MPs under a new coalition to usher him to the premier's seat.

Prime Minister Anan might already be wondering what he would tell foreign friends and journalists, if Thailand is back to political square one after the Sept 13 general election. He had tried—not enough maybe—to set a new stage for democratic development. He still has time to achieve what he has in mind. A nagging question is whether he has enough political will to fulfill those delicate jobs as fervently hoped, and strongly insisted, by the public?

There is more. How would he explain to people during his foreign trips after his second term ends why the same old pro-military politicians so reviled by people in Bangkok were still re-elected to the House?

We cannot rule out the possibility that the former pro-military parties, now under different banners to whitewash their pasts, will regroup if they have a simple majority to form a coalition. Again, the political square one could be painted with more blood.

Chatchai wants to become prime minister. There is no mistake about that. That's why he has decided to return to politics and abandon Chat Thai, the party he had co-founded with his brother-in- law and new party leader, Pol Gen [Police General] Praman Adireksan.

What is still ringing in our ears? Before his departure from London shortly after the coup, the victim of detention at the air force base, declared that he had washed his hands of politics for good. After a bit over a year, he has changed his mind, not lacking the character to pun his words with reporters.

The result of his decisive stroke to desert Chat Thai Party was a big insult to the party big bosses, and even one of them unleashed angry statements labelling the ex-premier as mercurial, untrustworthy, and a type of reptile which is a jinx to every Thai household.

What can we deduce from all these odd turn of events in the political circus. There is one humorous aspect. Chat Thai members have become familiar with the rotten left-over food, no matter how mouth-watering or delectable the feasts they had ordered for special occasions would taste. They are so accustomed to a series of anti-climaxes that nothing could surprise them any more.

We still remember that the renowned Nai Chai noodles, as well as food and drinks catered from the Airport Hotel which were hardly touched on that evening of June 10 at the residence of ex-Chat Thai leader ACM Sombun Rahong. The host experienced the first shocking embarrassment of his life after hearing a shattering message that he would not be named prime minister.

The feast was quickly ignored; the fete became a flop; and the expected feat turned out to be a farce.

The Chat Thai members were still smarting from the first fiasco when the second thunderbolt hit them in less than a month. This time, they had to wait for several hours at Chatchai's residence with a Chinese feast already in place to greet the host. Unknown to them the master of the house was forming a new party in a nearby residence belonging to a defector from Chat Thai.

As we all learned later, the Chat Thai members were left out in the cold with the Chinese feast. The foul mouths, set to devour the sumptuous food, instead poured out an endless flow of foul words after the foul-up. It has been dubbed "a party in waiting" and yet this might not be the last wait. The moral of this story is this: Chat Thai members will always be mercurial, no matter what political parties they are with.

Patron-Client Relationship in Political Parties

BK1107021192 Bangkok BANGKOK POST in English 11 Jul 92 p 4

[By Niyom Rathamarit]

[Text] A former MP from Ubon Ratchathani, Liang Chaiyakan, once likened the relationship between a party chief and rank-and-file members to that of a tree and birds. If the tree is big, blossoms and yields a lot of fruits, birds will come and seek refuge in it. If the tree is small, yielding fewer fruits, birds will fly away to seek a new home.

The current mass defection of former MPs and well-known politicans from the Samakkhi Tham, Chat Thai, New Aspiration, Social Action, Solidarity, Prachakon Thai and Ratsadon parties to the Phalang Tham, Democrat or some newly formed parties, is analogous to the relationship between a tree and the birds.

The popularity of the Samakkhi Tham, Chat Thai, Social Action, Prachakon Thai and Ratsadon parties has plunged because of their close ties to the now-defunct National Peace-keeping Council (NPKC) and the Suchinda government, which had made a serious mistake by using force to quell prodemocracy demonstrators on Ratchadamnoen Avenue, bringing about the May 17-20 bloodshed.

These parties are like trees whose tops have been cut.

The Samakkhi Tham Party (STP)'s future is doomed because certain NPKC figures who are its patrons have suffered a great political setback and become unpopular among the masses and their subordinates. They have to keep a low profile and withhold support for the party. The STP, therefore, can no longer play a leading role in politics by seeking support from the military as it did before the May tragedy.

The present state of the STP leadership is similar to that of a dying tree which can no longer provide the birds with food, lodging and protection. The birds, therefore, have to leave and look for a new, larger tree.

The New Aspdiration Party (NAP) reportedly has depleted most of its resources in the last election and so far has not been able to find a new source of wealth to fill its coffer. The NAP's recent move to invite well-known banker Amnuai Wiraway to take the party leadership indicated that the NAP is in financial trouble.

The Chat Thai Social Action, Prachakon Thai and Ratsadon parties had made a big mistake by clinging tightly to the NPKC and the Suchinda government. When the NPKC and the Suchinda administration collapsed, they were adversely affected.

Although they are in the same democratic alliance as the Phalang Tham and Democrat parties, the NAP and Solidarity Party do not stand a good chance of becoming the core party in the formation of the next government. Therefore, they are not seen in a favourable light by power-seeking politicians.

The NAP is not as rich as it was before the March 22 elections. It is not in a position to give extensive financial support to its candidates. Solidarity, which suffered a mass defection prior to the March 22, 1992 election, also has limited financial resources. In a sense, both parties are like small trees with fewer fruits for the birds.

The Phalang Tham Party (PDP) is becoming popular because of its leadership role in the pro-democracy movement in May. It has maintained its image as an honest and dedicated party. This has strengthened its position vis-a-vis other long established parties.

The PDP stands a good chance of winning big support among the masses and this might enable it to lead the next government. Like a healthy growing tree, the PDP attracts a lot of hopeful politicians.

Even though it did not playd a significant role in the pro-democracy movement, the Democrat Party has beend able to score political points by criticising both sides in the May conflict. The Democrat leader's compromising attitude has won widespread admiration among those who are not politically enthusiastic.

The newly-formed Nation Development Party comprises well-known politicians and big financiers such as Gen Chatchai Chunhawan, Gen Athit Kamlang-ek, Suwat Liptaphanlop and Buntheng Thongsawat. It is a promising party in terms of financial support and ability to be in the next government. It can attract politicians from all sides, including those who do not feel comfortable to join the PDP or the Democrat Party.

In sum, the relationship between a party chief and rank-and-file members is a reflection of the traditional patron-client relationship in Thai society; the partrons provide the clients with land and physical protection, while the clients supply their patrons with manpower and legitimate power to rule over the community.

The political parties in Thailand will niot become stable as long as their rank and file do not consider themselves an important part of the party, but merely subordinates whose aim is to get the most benefits for themselves.

Ministry To Coordinate Anti-'Godfathers' Campaign

BK1107013992 Bangkok BANGKOK POST in English 11 Jul 92 p 1, 3

[Text] The Interior Ministry will set up a centre to coordinate campaigns against "godfathers" who wield influence in national elections.

The centre to be established in a few days will be located at Interior Ministry headquarters with the task of working with provincial and district-level centres in the drive against these figures and other election-related crime.

Interior Deputy Permanent Secretary Chaiwat Hutacharoen, who chairs the ministry's committee overseeing the task, said the ministry on Monday will start updating its list of "godfathers" along with that of hired gunmen.

The information will be used to pinpoint possible targets of campaigns to include drives against illegal use and trade of weapons and serious crimes related to the September 13 poll.

Investigators will be sent to the provinces and villages to track down those who already face arrest warrants.

Those who have no criminal records but are on the "godfathers" list will be invited to meet the authorities to be told the Government's policy to ensure a clean, fair election.

The campaign is aimed at deterring those who plan to use illegal means including vote-buying to help certain candidates.

Government officials found to be acting in favour of candidates will face immediate transfer and subsequent punishment, he said.

Assistant Police Chief Lt-Gen Pracha Promnok, a committee member, said the authorities will use political and legal measures to deal with these "godfathers".

Without giving names, Pol Lt-Gen [Police Lieutenant-General] Pracha said at least two major figures—in Khon Kaen and Chon Buri—have already announced their support for politicians in their control in the election.

District and the provincial-level centres will try to deal with problems in their respective areas first but police and officials of the Interior Ministry will be called in if the situation gets out of control.

The centre will closely coordinate work with the Poll Watch committee.

As part of the campaign, the ministry's committee also agreed to suspend official permits for gambling.

The ministry has issued permits to allow members of the public to organise certain card games but these permits have been abused by some people to operate gambling dens.

Officials found that gambling dens have become hiding places for hired gunmen who are usually used by politicians to kill rivals during elections.

Interior Minister Pol Gen Phao Sarasin said he does not intend to focus only on eastern provinces but all regions.

"I have something I am thinking about doing on this," he said, declining to reveal it.

Pol Gen Phao, accompanied by Deputy Interior Ministers Anek Sitthiprasart and Charoenchit na Songkhla, inspected the Police Department yesterday morning.

Northeast Villagers Unable To Return To Land

BK1107015792 Bangkok BANGKOK POST in English 11 Jul 92 p 1

[By Sanitsuda Ekachai]

[Text] Nakhon Ratchasima—A week after a compromise, the northeastern villagers evicted under the Kho Cho Ko military resettlement programme still cannot return home as the Forestry Department is fighting back by stepping up tree-planting on the old village sites and farmland.

Village leaders from various provinces met their advocacy groups yesterday to discuss their shared problem and to urge the department not to block implementation of the Cabinet's decision to allow the villagers an immediate, safe return home.

The problem is most severe at Ban Long Yai of Soeng Sang District which spearheaded the exodus home last month and later faced a crackdown.

The incident triggered a large protest which ended last week with the revocation of the controversial Kho Cho Ko resettlement programme.

"They have doubled the ways to step up planting and nearly half of our farmland has been quickly covered this past week," said village leader Taeng Chumheran.

"At this rate, we won't have land to go back to. If we violate the area, we can be arrested," he said.

The authorities have also erected a new sign saying that the planting is part of the province's celebrations to mark Her Majesty the Queen's birthday as a tactic to stop the villagers.

The Government inspection team will visit the controversial sites in Soeng Sang today.

The villagers plan to give the team their complaints against the department's actions which they say are tantamount to an attempt to abort the Premier's directive and the Cabinet's decision.

Apart from the replanting tactic, villagers from various provinces also alleged similar attempts by local authorities to stir conflict among villagers by supporting those outside the agreement to vie for the land while mobilising those in the resettlement scheme to press for continuation of the programme.

"The authorities are pitting us against one another," Taeng said.

The atmosphere at Soeng Sang is still tense as armed forestry officials are still guarding the village entrance while a group of armed volunteers is stationed at the nearby resettlement area.

"We want to go back. But we are afraid. Anything can happen," said Taeng, who has a price on his head.

The Soeng Sang villagers also report a steady flow of processed timber being transported from the Thap Lan National Park while the clearing of the forest continues to provide land for settlers.

More than 10,000 rai of the park forest have been cleared for farmland since April. The Forestry Department described this destruction as necessary and legal.

The resettlement area and farmland also gives access to the timber-rich park.

The villagers and advocacy groups have set up a committee to monitor the implementation of the Cabinet's decision.

Their meeting also discussed the need to revise the national forestry plan which they see, in essence, as an attempt to legalise the confiscation of land from the poor to turn it over to investors in the guise of conservation.

The committee will meet Prime Minister's Office Permanent Secretary Aphilat Osathanukro on Monday to present the villagers' alternative to the "dictatorial" Kho Cho Ko land management scheme.

They will propose several forms of ecological farming which can help the region's environmental health.

But this cannot be done without involving local people in the management of land and forest as well as giving them land security.

The committee said it will also report the local officials' resistance to Deputy Interior Minister Anek Sitthiprasat who chaired the Government's negotiation delegation.

They expressed little hope, however.

Although the Kho Cho Ko programme has been revoked, the department is still empowered by the Forest Reserves Bill to arrest the villagers.

Army Official on Khmer Repatriation Schedule

BK1307130792 Bangkok Radio Thailand Network in Thai 1200 GMT 13 Jul 92

[Text] Lieutenant General Sanan Khachonklam, the director of the Center for Coordinating Repatriation of Cambodians, says the center and the office of the UN High Commissioner for Refugees [UNHCR] have coordinated the repatriation of Cambodian refugees from seven sites in Thailand from 30 March and as of today they have repatriated 51,225 people. A total of 321,515 Cambodian refugees and displaced persons still remain in Thailand. The voluntary repatriation of these remaining Cambodians is expected to be completed before the general election in Cambodia in May 1993.

Sanan says the refugee Sites K, Sok San, and O Trav will be closed in August. The refugee Site 8 will be opened by October. The refugee site B will be closed in November, while the Khao I-Dang will be closed by December. The Site B will be closed by February 1993. [sentence as heard]

Sanan notes that after the repatriation is completed, the government units concerned will restore the former refugee sites for the benefits of the Thai people in accordance with the set program.

Reopening of Border Checkpoint With Burma

BK1007145792 Bangkok Army Television Channel 5 in Thai 1230 GMT 10 Jul 92

[Text] The Burmese authorities in Myawadi have allowed Burmese people to cross into Thailand to buy goods after the border point was closed for more than two months.

The border point at Myawadi, opposite Mae Sot District, Tak Province, was closed to border trading between Thai and Burmese people on the banks of the Moei River because Burma held Thailand responsible for allowing the Karen rebels to open fire on Myawadi from the Thai border. Burma also held Thailand responsible for the smuggling of explosives into Burma under cover of border trade, as well as several acts of sabotage in Myawadi. The closing of the border resulted in a daily loss of more than 10 million baht in border trading between Thailand and Burma.

For a little more than two weeks, Burmese authorities opposite Mae Sai District [as heard] in Mae Hong Son Province have allowed Burmese nationals to cross into Thailand to buy goods. This has also improved the atmosphere at the Thai-Burmese border in Mae Sot District, Tak Province. The border is still closed to Thai nationals or tourists desiring to cross into Burma. Border crossing is allowed only for Burmese people buying goods in Thailand. It is expected, however, that an official border opening could be made soon.

SRV Planners To Receive Economic Training

BK1107044792 Bangkok THE NATION in English 11 Jul 92 p A2

[Text] Twenty of Vietnam's top planners and policymakers will come to Thailand to receive economic training early next year under a Thammasat University Human Resources Institute programme aimed at assisting Vietnam in building a market economy.

"This programme will also provide a golden opportunity for us to establish personal rapport with future leaders of Vietnam," said Dr Chira Hongladarom, executive director of the institute.

He said that the Vietnamese participants would be selected under a set of rigorous criteria, based on their age, job experience and potential.

"This is certainly not a sight-seeing trip for retiring officials," he stressed.

Running from Jan 15 to Feb 25, 1993, the five-week programme will include the following:

—One week of lectures on macroeconomic issues at Thammasat's Economics Faculty;

—One week of lectures on microeconomic issues at Nida's School of Development Economics;

—One week of lectures on labour and social issues at the Human Resources Institute;

—One week of study tours in Thailand;

—One week of study tours in Singapore and Malaysia.

"We certainly hope to help our friends from Vietnam acquire up-to-date knowledge about market economies and contemporary international economic issues," Dr Chira said.

"This first group of trainees can help start human networks in Vietnam, ASEAN and Japan which will be very useful in future economic cooperation," he added.

Vietnam

Cambodian Statements on SRV Troops Dismissed

BK1307142992 Hanoi VNA in English 1341 GMT 13 Jul 92

[Text] Hanoi VNA July 13—A spokesman for the Vietnamese Embassy in Phnom Penh has dismissed as ill-intentioned the statements made by President of Democratic Cambodia Khieu Samphan and KPNLF [Khmer People's National Liberation Front] President Son Sann at the July 8, 1992 meeting of the SNC [Supreme National Council] about the presence of the Vietnamese army in Cambodia.

These fabrications are merely aimed at covering up their acts against the implementation of the Paris agreement on Cambodia, the spokesman said, adding that Vietnam has more than once confirmed that all Vietnamese troops had been withdrawn from Cambodia by September 1989, and that Vietnam has not sent its troops back to Cambodia in any forms.

U.S. Organizations Demand End to Trade Embargo

BK1407065292 Hanoi VNA in English 0625 GMT 14 Jul 92

[Text] Hanoi VNA July 14—Among the many hurdles to US-VN [Vietnam] normalisation are the politicians who seek to exploit the MIA issue for political ends and the post-war syndrome experienced by many Americans.

That is the view of Madame Nguyen Thi Binh, chairperson of the Commission for External Relations of the National Assembly and president of the Vietnam Union of Peace, Solidarity and Friendship Organizations freshly back from the United States where she attended a conference of American non-governmental organisations [NGO] as guest of the US-Indonesia Reconciliation Project.

In an interview with the Hanoi English language VIETNAM NEWS she said: This was the third conference of American NGOs organised by the project. It was attended by more than 400 representatives of 175 American NGOs and the delegations from Vietnam, Laos and Cambodia. Representatives of the State Department head of the Indochina bureau and the USEF [expansion unknown] were present alongside several British and Australian organizations.

Delegates discussed latest developments in Vietnam and possible projects to help Vietnam now that the two countries have taken positive steps in improving relations. All were optimistic about the prospect of lifting the embargo and normalisation between Vietnam and the United States.

American NGOs realised that although there were prospects of lifting the embargo and normalisation of relations, they should join hands to bring stronger public pressure on the embargo—a situation not in the least beneficial to the United States itself—and to demand an end to it during this very election year. The American officials at the conference aware of this growing concern of American NGOs had to dwell at length on their government's effort in this respect. As for Vietanmese residents in the United States they show greater interest in helping their homeland and highly appreprìate Vietnam's efforts in solving outstanding problems.

At the Asian Institute in New York, American intellectuals and businessmen as well as overseas Vietnamese showed keen interest in on-going political and economic reforms as well as in investment opportunities in Vietnam. Vietnamese residents wanted to know many things about their homeland and asked what they could do to help.

Our San Francisco visit coincided with a televised reconciliation, and it was interesting to note that one of the proponents of reconciliation was none other than Nguyen Cao Ky. This much shows that although Vietnamese emigrants are still more or less uncooperative, most have softened their attitude because of new positive developments in relations between Vietnam and United States.

In short, political, economic and social organizations in the United States are well disposed towards Vietnam. But to reach the goal of normalisation, both Vietnam and its American friends have yet to overcome many hurdles. Indeed, Vietnam and the United States are involved in a "love-and-hate" relationship, as aptly described by one American.

Do Muoi, Other Candidates Meet Voters in Hanoi

BK1307140992 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 8 Jul 92

[Station correspondent Tran Trong Chuy's report on 6 to 8 Jul meetings in Ba Dinh District, Hanoi, between voters and Do Muoi and other candidates running as deputies to the Ninth National Assembly—portions recorded]

[Summary] "Dear friends: In implementing the law on the election of National Assembly deputies, over the past three days, the Ba Dinh district fatherland front committee in Hanoi made arrangements for voters' representatives in the first electoral unit of Ba Dinh District to meet with candidates running as deputies to the ninth National Assembly. On hand to meet voters' representatives were Do Muoi, general secretary of the Communist Party of Vietnam Central Committee; Chu Duy Kinh, major general [rank as heard] and head of the Hanoi Capital Military Command; and Nguyen Dac Nghia, medical doctor and deputy head of the Orthopedics Department of Saint Paul Hospital in Hanoi."

The meetings were organized in different residential areas and attended by representatives of mass societies, youth and women's unions, retired cadres, workers, scientists, and officials in charge of party and government organizations. Particularly, many elderly and vision-impaired people were also present.

"Noteworthy is the fact that the meetings all took place in an enthusiastic, constructive atmosphere and that each meeting witnessed more or less than 10 people coming forward to express their views and appreciation for the great contributions of the eighth National Assembly. At the same time, prompted by a high sense of responsibility, some of them straightforwardly pointed out the shortcomings of a number of National Assembly deputies as evidenced by their failure to go out of their way to serve voters.

"Voters in Ba Dinh District expressed their concern to candidates running as deputies to the ninth National Assembly and suggested ways to resolve concrete everyday problems. These include the increasingly serious air pollution resulting from a shift to the use of firewood instead of electricity for cooking purposes by many needy families in slump areas because they cannot foot high electricity bills, rampant corruption, and a deterioration of both sanitation work and urban development control."

"In expressing their views, candidates Do Muoi, Chu Duy Kinh, and Nguyen Dac Nghia thanked voters for their straightforward, constructive remarks and profound feelings. In response to voters' aspirations and suggestions, the candidates confidently shared their views with the audience and told them about the projects they would fulfill if elected as people's deputies. Candidate Nguyen Dac Nghia, a doctor at Saint Paul Hospital, told the audience about his cherished dream of helping with the improvement of the local public healthcare service to better protect the local people's health. As an immediate objective, he promised to work toward a public healthcare insurance program.

"Candidate Chu Duy Kinh, major general and head of the Hanoi Capital Military Command, promised whether elected or not, that he would devote his wisdom and strength to secure political stability in the capital and to improve the living conditions of members of the Armed Forces.

"In his roles as a candidate running for the election of deputies to the ninth National Assembly and party general secretary, Comrade Do Muoi thanked voters for their confidence in him and expressed his concern for the many burning social problems that people from all walks of life and members of the Armed Forces face at present. Comrade Do Muoi said:

[Begin Do Muoi recording] "Dear comrades and voters' representatives: Being nominated to run as a deputy to the National Assembly in Hanoi, I clearly realize my great responsibility to voters, people throughout the country, and compatriots in the capital. I promise to do all I can to contribute to the renovation cause, economic development, improvement of the people's cultural standard and health, and implementation of social policies, especially the policy toward families who have rendered meritorious services to the revolution, war invalids, dependents of fallen combatants, and retired cadres. I also promise to motivate people of all walks of life to respond to the emulation movement for national construction and defense, positively participate in the management of state and social affairs, eliminate all negative phenomena, and make the people rich and the country powerful along the socialist path.

"Being a National Assembly deputy from Hanoi, I also promise to positively contribute to the socioeconomic development of Hanoi to make our city truly worthy of its role as the capital of our country, as well as to help improve the efficiency of state management and city administration, look after the masses' well-being, implement the people's democratic rights as stipulated by the constitution and law, restore order and discipline, and develop a civilized lifestyle among the people of Hanoi. I sincerely thank all of you, comrades and voters' representatives, for your presence here today. I wish the election of deputies to the ninth National Assembly fine success in both the capital and the nation as a whole." [end recording]

Vu Oanh Meets Voters in Hoa Binh Province

BK1107141892 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 9 Jul 92

[Text] In Hoa Binh Province on 8 July, Comrade Vu Oanh, member of the Communist Party of Vietnam [CPV] Central Committee Political Bureau and head of the party Mass Mobilization Department, together with other candidates for the Ninth National Assembly, held a cordial meeting with representatives of voters in Ky Son District of the province.

Comrade Vu Oanh and other candidates took note of the viewpoints expressed by voters representing various sectors, mass organizations, and people's strata in the district. Most of these viewpoints focused on the role of National Assembly deputies and proposals to the Ninth National Assembly to take concrete measures to strengthen the socialist legal system and maintain social order and safety. They also called on the National Assembly and the state to take measures to improve the people's daily life—especially in the economic, cultural, education, and public health domains—in areas of the Da River, the Hoa Binh Hydroelectric Power Plant lowland zone, and the highlands region.

After taking note of these ideas from voters in Ky Son District, Comrade Vu Oanh and other candidates pledged that if they are elected, they will do their best to fulfill their duties to help build Hoa Binh into a beautiful and prosperous province.

Nguyen Duc Binh Attends Printing Conference

BK1407101592 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 2 Jul 92

[Text] A national conference on printing opened in Hanoi today, 2 July.

There are two problems now facing the printing sector. They are:

—The problem of how to manage the sector in the transition to the market economy at a time when there is competition among many economic components.

—The problem of reorganizing the infrastrucutre and operations of the sector in accordance with the spirit outlined at a press and publication conference held early this year.

Comrade Nguyen Duc Binh, member of the Political Bureau and secretary of the party Central Committee, attended the opening of the conference.

At this confernce, various printing establishments throughout the country discussed and exchanged experiences obtained in doing business under the market economy. They jointly contributed their views on how to rearrange and reorganize the printing sector. They also discuss ways to develop the sector.

The conference will continue in session until 4 July.

Defense Minister Greets Army Supply Corporation

BK1207134192 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 26 Jun 92

[National Defense Minister Doan Khue's letter to the Supply Corporation of the General Department of Economic and Defense Industries on its 30th founding anniversary—date not given]

[Text] On the occasion of the 30th founding anniversary of the Supply Corporation of the General Department of Economic and Defense Industries, 27 June 1962 to 27 June 1992, on behalf of the Military Commission of the party Central Committee and the Ministry of National Defense, I cordially convey my kind regards and best wishes to all cadres, combatants, workers, defense personnel, wounded and sick soldiers, families of the fallen combatants, and retirees of the Supply Corporation.

Over the past 30 years, under the leadership of the Communist Party of Vietnam [CPV], esteemed beloved Uncle Ho, the Military Commission of the party Central Committee, and of the Ministry of National Defense, the Supply Corporation has undergone many ordeals in building itself and becoming a mature agency. Starting from a small fuel supply unit serving the logistics department, the supply department, and the technical department, the corporation has been attached to the General Department of Economic and Defense Industries.

Various generations of cadres, combatants, workers, and military personnel have upheld the spirit of overcoming all difficulties and hardships and have consistently carried out good maintenance and protection of materials and goods. They have firmly and successfully overcome all ordeals and have endeavored to meet all material and technical requirements for combat, combat readiness, and defense production, thereby contributing to the glorious military exploits scored by our army, especially in liberating the nation and in building and defending the socialist Vietnamese fatherland.

On this occasion, I highly commend you comrades for your achievements scored during the past 30 years.

Dear comrades, to triumphantly implement the resolution of the Seventh CPV Congress, resolutions of the party Central Committee, the resolution of the Military Commission of the party Central Committee, and directives of the Ministry of National Defense, you should strive to firmly grasp and satisfactorily implement lines and policies of the party and state as well as the defense task and other work of the army and the General Department of Economic and Defense Industries in the new situation. You must firmly advance along the socialist path chosen by our party and Uncle Ho, contribute to standardizing and modernizing our army, strive to build a modern defense industry, and consistently participate in building an increasingly strong national economy.

The present tasks of the Supply Corporation are very heavy. While ensuring sufficient material and technical requirements for combat readiness activities and defense production, you comrades have to participate in carrying out economic activities to ensure high quality and the best results in your tasks.

While bringing its achievements into full play, the Supply Corporation must continue to renovate itself in all aspects, enhance its professional capability, strengthen economic management, actively and creatively carry out tasks; and consistently improve the material and spiritual life of cadres, combatants, workers, and defense personnel while striving to develop the corporation into ever stronger agency that can satisfactorily fulfill all the assigned tasks.

I wish you comrades a good health and happiness.

My cordial and determined-to-win salutations to all.

Russo-Vietnamese Commission To Tackle Debt Issue

BK1407075792 Hanoi VNA in English 0742 GMT 14 Jul 92

[Text] Hanoi, July 14 (AFP)—The first meeting of a Russia-Vietnam joint commission will be held here on July 27 to establish a framework for new relations between the two countries, former allies when Russia was part of the Soviet Union, a diplomatic source said here Tuesday.

One of the tasks of the senior Russian delegation, headed by Vice Prime Minister Valeriy Makharadze, will be to attempt to reach agreements on Vietnam's debt contracted with the former Soviet Union, the diplomat said.

The main stumbling block on the debt, estimated at about 10 billion rubles, was due to differences between the two countries on the exchange rate to apply for turning the sum into convertible currency, he said.

"Obviously each country wants to fix a rate which is in its own favour," the diplomat said.

"We will not be too demanding, but we are not ready to swallow empty words," said the diplomat who saw a settlement being spread over a number of years and in exportable Vietnamese goods, excluding oil.

Another problem concerned sharing the debt and its reimbursement between the former republics of the Soviet Union. "But in any case, Russia's portion must be around 60 percent," he said.

During the meeting, the two delegations are also expected to sign an agreement in principle on cooperation concerning some 30,000 Vietnamese who work in the former Soviet Union under previous bilateral agreements.

"The only ones staying in Russia will be those who have their work contracts renewed by the factory which employs them," the Russian envoy said.

According to the diplomat Russia has allocated loans worth 40 million dollars to Vietnam in 1992 for infrastructure projects, including the Hoa Binh power station in northern Vietnam.

He estimated that trade between the two countries this year could reach 800 million dollars.

"Our relations are friendly, but they have been depoliticised and de-ideologised," the diplomat said.

Fishery Cooperation Agreement Signed With Russia

BK1107075692 Hanoi VNA in English 0630 GMT 11 Jul 92

[Text] Hanoi VNA July 11—V.F. Korensky, head of the Fishery Commission under the Ministry of Agriculture of the Russian Federation visited Vietnam from July 3-8 as guest of Minister of Aquatic Products Nguyen Tan Trinh.

An agreement on fishery cooperation was signed on this occasion.

On July 6, First Vice-chairman of the Council of Ministers Phan Van Khai received Mr. V.F. Korensky and his party in Ho Chi Minh City.

Diplomatic Relations Established With Kazakhstan

BK1207145092 Hanoi VNA in English 1418 GMT 12 Jul 92

[Text] Hanoi VNA July 12—The Vietnamese Embassy in the Russian Federation and the Ministry for Foreign Affairs of the Republic of Kazakhstan have exchanged notes on the establishment of diplomatic relations at ambassadorial between the two countries.

Manufacturers Accuse PRC of Dumping Products

BK1407080992 Hong Kong AFP in English 0725 GMT 14 Jul 92

[By Andrew Sherry]

[Text] Hanoi, July 14 (AFP)—Vietnamese manufacturers say they are getting swamped by a rising tide of cheap Chinese goods imported by sophisticated smuggling rings and other traders since the start of the year.

The textile industry is hardest hit, with nearly 40 percent of Ho Chi Minh City's small workshops closing down over growing stockpiles of unsold fabrics, the city's TUOI TRE (Youth) daily said in a report seen here Tuesday.

"Production of construction steel, water flasks, glass and several other products is also on the brink of collapse, the paper said.

Tong Hi Thanh Tuyen, deputy director of Ho Chi Minh City's industry office, accused the Chinese of dumping goods on the Vietnamese market below cost to liquidate their overstocks.

"Some of these goods that have travelled thousands of miles to reach Vietnam are of such poor quality that they cannot be sold in China," she said.

Vietnamese importers are also to blame because they "are only interested in low-priced goods and pay little attention to quality," she told TUOI TRE.

Cross-border trade between China and Vietnam has soared since the two countries normalised relations last November, but central government efforts to manage it seem to have met with mixed success.

Local authorities and smugglers still appear to control the bulk of the trade, and neither group has shown much concern for import targets set by the central government in Hanoi.

When central authorities imposed new tax and identification requirements in May, this provoked a boycott by porters that effectively closed the border for a few days in Lang Son province, according to reports from the province.

The army daily QUAN DOI NHAN DAN said Tuesday that tax avoidance remains rampant, with Lang Son reporting trade tax revenues of just 755 million dong (66,000 dollars) in the first three months of the year.

Neighboring Quang Ninh Province—where the volume of trade is believed to be small—reported tax revenues 20 times higher.

A small number of organisations dominate the contraband racket using sophisticated methods that make old-time smugglers look like amateurs, a Ho Chi Minh City [HCMC] economic official told TUOI TRE.

"The station in HCMC, this end of the marketing line, will report daily to the Hanoi station the up-to-date order of 'end retailers' and the goods will be trafficked from Hanoi to the south by air within a couple of days," Tran Cuc said.

The average size of smuggling cases uncovered has increased from 6,000 dollars last year to tens of thousands of dollars now, he estimated.

Large quantities of Chinese goods also enter Vietnam as part of the barter deals that are a regular feature of cross-border trade.

"There are several reports that Vietnamese companies are [words indistinct] only cheap goods, but there seems to be no way of slowing this massive movement nor persuading the people not to buy them," TUOI TRE said.

At the start of the year, local firms controlled 80 percent of Ho Chi Minh City's main wholesale textile market, but "that golden era is definitely over now."

In addition to the small workshops that have shut down, big firms like the Dong Hoa cooperative have cut back production, the paper said.

Cross border trade was worth 67 million dollars in the first 10 months of 1991, up from 40 million in 1990, according to semi- official Chinese figures.

Hanoi has not released figures for 1992, but provincial officials have estimated that volume had at least doubled since normalization.

Vietnam exports mainly primary products such as rubber, sea food and agricultural produce to China and imports construction materials and manufactured goods ranging from beer and textiles to light machinery and electronic equipment.

TUOI TRE charged in another article that dozens of medicines banned by Chinese authorities earlier this year because of hazardous side-effects are now on sale in Ho Chi Minh City, advertised as instant cures for diseases or sex problems.

"Consumers are considering them as magic drugs and are ready to buy them at prices five or even 10 times higher than Western pharmaceuticals of the same use," it said.

Over 200,000 Chinese Touring Country This Year

BK1207132092 Hanoi Voice of Vietnam in English 1000 GMT 12 Jul 92

[Text] Foreigners can now join group tours from Southern China into Vietnam. The Vietnamese tour service said that the State Council of Beijing has allowed the southernmost province of Guangxi, which bordering Vietnam, to open tours to foreigners to meet demand.

More than 200,000 Chinese took one-day, three-day, and four-day tours into Vietnam from Guangxi in the first six months of this year.

Meanwhile, groups of overseas Chinese living in Ho Chi Minh City, will be the first to visit China since the two countries normalized relations in November last year.

Chinese Women's Delegation Visits Vietnam

BK1407070192 Hanoi VNA in English 0619 GMT 14 Jul 92

[Text] Hanoi VNA July 14—A delegation of the Chinese Women's Federation led by Vice President Lin Liyun paid a weeklong visit ended July 11 to Vietnam as guest of the Vietnam Women's Union.

While here the Chinese delegation met with leading officials of the Vietnam Women's Union during which the two sides exchanged exprience and discussed measures to develop their bilateral cooperation in the years to come. It also called on the National Assembly Commission for Healthcare and Social Affairs, the Union of Peace Solidarity and Friendship Organisations, and Vietnamese- Chinese Friendship Association, and toured various cultural and historical establishments in Hanoi, Hai Hung province, Hai Phong, Ho Chi Minh City and Vung Tau. It was received by Vu Oanh, politburo member of the Communist Party of Vietnam Central Committee, and Nguyen Thi Dinh and Truong My Hoa, honorary president and president of the Vietnam Women's Union.

Tam Phuong Water Project Increases Land Yield

BK1307152992 Hanoi VNA in English 1341 GMT 13 Jul 92

[Text] Hanoi VNA July 13—A water control project built with Australian assistance in Tam Phuong area of the Mekong River Delta province of Cuu Long has helped almost quadruple paddy output in the region.

The Tam Phuong Water Control Project was completed at the end of December 1989 with financial aid of USd 5.1 million from the government of Australia and contribution of 1.8 billion dong by the locality. The project includes four main canals and sluices, 49 secondary canals and sluices and hundreds of tertiary canals to control saline water intrusion and drain area of about 7,000 hectares in Chau Thanh District.

Before 1985, most of the land could be grown with one crop a year which gave as little as 1.6-1.8 tons per hectare. Now the yield has to three tons per hectare and here cultivation of two crops a year has been made possible even 5-8 tons hectare.

The rice area serviced by the project has expanded to 9,646 ha/year, and output to 36,456 tons of paddy, up by 3,356 hectares and 27,000 tons of paddy compared with 1985.

Netherlands Explores Aiding Aquatic Projects

BK1407094092 Hanoi Voice of Vietnam in English 1000 GMT 6 Jul 92

[Text] A delegation of the Dutch Government has toured the Mekong River Delta in south Vietnam to explore the possibility for Dutch-funded project on aqua-product development. The project, to be executed over four years at the cost of about US$600,000, will center on personnel training, research, application of scientific advances, and promoting fishery. The project is aimed to help poor fishermen in the Delta raise their income and also to protect the environment.

Council Chair Urges Increased Cotton Production

BK1407111792 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 6 Jul 92

[Text] To promptly reduce cotton imports, the chairman of the Council of Ministers has sent a note to the State Planning Commission, the Ministry of Agriculture and Food Industry, the chairmen of various provincial people's committees, and relevant sectors, asking them to satisfactorily implement the following essential measures:

—The Ministry of Agriculture and Food Industry should meet with the people's committees of various provinces to work out a plan for increased cotton growing in three regions—Eastern Nam Bo, Central Highlands, and Northern Mountain areas.

—The State Planning Commission should hold a conference to discuss a socioeconomic development plan for 1993 and the ensuing years for the entire country, particularly for the aforementioned three regions. A report on this conference is to be made available before August.

—Efforts should be made to guide peasants in quickly expanding their cotton growing areas in the three regions with a determination to put over 15,000 hectares under cotton in this winter cropping season.

—With cotton to be grown mainly by peasants, various supply corporations of the central and local authorities should provide such services as seeds and fertilizer supply, insect control, product marketing, and technical guidance.

New Zealand

Bolger on Conventionally Powered U.S. Ship Visits

LD1307093792 Wellington Radio New Zealand International in English 0800 GMT 13 Jul 92

[Text] The New Zealand prime minister, Jim Bolger, says there is nothing to stop conventionally powered American ships visiting New Zealand now that President Bush has announced the withdrawal of nuclear weapons from naval vessels. Foreign Minister Don McKinnon has suggested the Americans are unlikely to resume visits until New Zealand's antinuclear law is changed. But Mr. Bolger says it is (?now) easy to change that:

[Begin Bolger recording] What we have now from both the prime minister of Britain and from the President of the United States the categorical statement that nuclear weapons are not on their ships, and that clearly is a sufficient authoritative statement for any prime minister in New Zealand to be able to say: Look, those ships can come into New Zealand and comply with the existing law. [end recording]

Mr. Bolger says visits will depend on ships being in the vicinity rather than making a special trip.

Naval Detachment To Join UN Forces in Cambodia

BK1407032692 Hong Kong AFP in English 0217 GMT 14 Jul 92

[Text] Wellington, July 14 (AFP)—New Zealand will send 31 naval personnel to join the U.N. peace-keeping forces in Cambodia, Foreign Minister Don McKinnon said Tuesday. The United Nations will operate coastal and riverine surveillance in international observer groups of two or three people.

McKinnon said in a statement he understood Britain, Canada, Chile, Uruguay and the Philippines were also providing personnel for the 376-strong U.N. naval unit.

The naval unit will bring the total New Zealand defence personnel in Cambodia to 97, making it the country's biggest-ever contribution to a single U.N. effort. The previous largest contingent was of 79 police officers who joined a U.N. force in Cyprus in the 1960s.